

2014 LEGISLATIVE SESSION REVIEW

MESSAGE FROM THE PRESIDENT

The 2014 legislative session was the shortest one in years, but nonetheless proved to be one of the most intense sessions for BATC in many years. Following our experiences in 2013 we knew we would face unique challenges at the Capitol with the DFL leading the House, Senate and Governor's Office for the first time in nearly 25 years.

Our lobbying team's primary goal was to position BATC to successfully block or moderate proposals that would grow our already problematic regulatory footprint. I'm pleased to say that we were successful in reaching that goal, with one important exception.

Perhaps not surprisingly, the home sprinkler mandate became the focal point of our session. As it was in 2013, our attempt to prohibit the unnecessary sprinkler mandate was met with bi-partisan support from legislators across our region and state. Also familiar was the Governor's strong resistance and reliance on fire services' position on this issue. The outcome mirrored the previous four years but there was a marked progress in our ability to elevate this issue and make progress toward our goal.

Beyond the sprinkler mandate issue, this review contains good news about our team identifying, stopping and modifying a host of issues that would add to the substantial regulatory burden we all navigate every day in our own businesses.



“ We believe we can be a catalyst to improve our region's competitiveness through affordable housing for all and greater access to housing at all price points. ”

Ideally, BATC would like to be on the offensive, calling the question on the many instances of duplication and inefficiency in our regulatory structure.

We believe BATC can be a catalyst to improve our region's competitiveness through affordable housing for all

and greater access to housing at all price points. Unfortunately, the political reality in Minnesota over the past two years doesn't allow much space for these types of discussions. Acknowledging that, we are heavily focused on the 2014 elections, which carry incredible significance for BATC and our legislative objectives. Many of our members have joined us in these efforts through our Housing First Fund, which will identify and support pro-housing candidates in Minnesota elective offices. If you are interested in making a contribution or learning more about Housing First, please do not hesitate to contact our lobbying team or www.housingfirstmn.org. ➤

We are fortunate to have a strong team of dedicated professionals advocating on behalf of our businesses. I was able to join them throughout the session and gained a greater appreciation for their work on our behalf. Thank you to all BATC members who attended Day at the Capitol, signed our petition, made phone calls and sent emails to legislators on our industry's behalf. These communications matter greatly to our elected officials, and taken collectively elevate our industry, our policy perspective, and bring us closer to changes necessary for our industry to thrive.

This review highlights the important issues of the session. I hope you find it to be a useful member resource.

And, as always, thank you for your support for BATC and our industry.

Best regards,

A handwritten signature in black ink that reads "Shawn A. Nelson". The signature is written in a cursive, slightly slanted style.

Shawn Nelson
New Spaces and 2014 BATC President

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'14 LEGISLATIVE SESSION REVIEW



The 2014 legislative session will be remembered for being brief and intense, continuing the ambitious agenda of the DFL Party, which controlled both the Minnesota House and Senate and the Governor's office for the first time in a generation. DFL leaders continued work on their agenda to bring structural, progressive changes to Minnesota's budget and government services. The road was once again winding, but in the end the session came to an on-time and orderly conclusion.

2014 LEGISLATIVE SESSION BY THE NUMBERS:

Senate Bills Introduced:	1309
House Bills Introduced:	1534
Bills Presented to the Governor:	169
Bills Signed by the Governor:	167
Bills Vetoed by the Governor:	2

For BATC members the session was once again dominated by responses to proposals that raised questions and concerns for the homebuilding industry. The final results were quite positive, with one nagging exception. While the Governor's block of a resolution to the sprinkler mandate was not entirely unexpected, it is extremely frustrating and disappointing. In our four-plus years of working to prevent this unnecessary and expensive mandate, we've continued to make progress and came as close as we ever have in the 2014 session. This couldn't happen without our dedicated staff, our lobbying and public relations consultants, BATC leadership and most of all, our members who continue to support our efforts to protect Minnesota homeowners from unneeded costs.

It's our honor to represent our members at the Capitol and with regulatory agencies. We're fortunate to have a strong mix of dedicated individuals with significant experience in the homebuilding and legislative arenas anchoring our legislative team. Read on for more about how the 2014 legislative session unfolded, and its impact on your business.

THE TEAM



DAVID SIEGEL
BATC EXECUTIVE
DIRECTOR



JAMES VAGLE
BATC PUBLIC
POLICY DIRECTOR



PETER COYLE
ATTORNEY &
LOBBYIST, LARKIN
HOFFMAN



JULIE PADILLA
ATTORNEY &
LOBBYIST, LARKIN
HOFFMAN



SHAWN NELSON
BATC PRESIDENT



JASON MCCARTY
BATC PUBLIC POLICY
COMMITTEE CHAIR



MARY SCHWEICH
BATC PUBLIC
POLICY ASSISTANT



TODD RAPP
HIMLE RAPP



REMI STONE
BAM EXECUTIVE
VICE PRESIDENT



LARRY REDMOND
LOBBYIST, REDMOND
& ASSOCIATES



BRIAN HALLORAN
LOBBYIST, REDMOND
& ASSOCIATES



BOB VANASEK
LOBBYIST, ROBERT
VANASEK &
ASSOCIATES, INC.



ROGER MOE
LOBBYIST, NATIONAL
STRATEGIES, INC.



GERALD SECK
ATTORNEY &
LOBBYIST, LARKIN
HOFFMAN

Thank You

We want to thank all BATC members for their support, grassroots advocacy and commitment to our shared cause of creating a better regulatory environment for your businesses operations. It is an honor to represent this industry.

We encourage you to stay in touch with us in the legislative interim.



PUBLIC POLICY COMMITTEE

JASON McCARTY, Chair
Westwood Professional Services

MARY SCHWEICH
BATC, Public Policy Assistant

PAMELA BELZ
Senior Housing Partners

MORGAN BICKEL
Lennar

SCOTT BLOM
ProBuild

GEORGE CUNDY
Cundy, Santine & Associate

ROBERT ENGSTROM
Robert Engstrom Companies

LARRY FRANK
Arcon Development, Inc.

PAUL HEUER
Stantec

BILL KEENAN -
Builders Development & Finance

RICK KOT
R.A. Kot Homes, Inc.

FRANK KOTTSCHADE
North American Realty, Inc.

GREG LIVERMONT
Andersen Windows

BOB MICHELS
Bob Michels Construction, Inc.

SHAWN NELSON
New Spaces

RYAN OHR
IKO

KATHLEEN OSTROM
C.N. Ostrom & Son, Inc.

RICK PACKER
Centra Homes, LLC

DAVID PATTERBERG
Centra Homes, LLC

ALDEN PEARSON
Acumen Legal Advisors, PLLC

IAN PETERSON
Pulte Homes of Minnesota LLC

WILLIAM PRITCHARD
Prudential

RICHARD RIEMEERSMA
Imperial Homes, Inc.

ROB SHAINESS
Capstone Law, LLC

JOSEPH SPRINGER
Fredrikson & Byron, P.A.

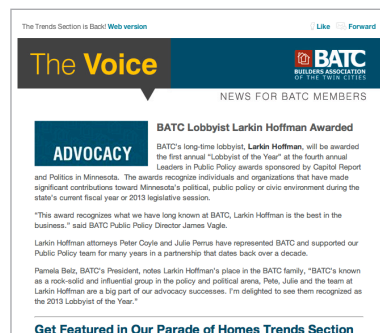
JIM STANTON
Shamrock Builders, Inc

STEVE WILLIAMS
JMS Custom Homes

STAY IN TOUCH

We encourage you to stay in touch with us in the legislative interim

The Voice, BATC's weekly e-newsletter



Twitter

- BATC: @batctc**
- Housing First: @housing_first**
- James Vagle: @jvags**
- David Siegel: @davidsiegel1**

Follow BATC's blog at blog.batconline.org

WITH THE SPRINKLER MANDATE
EFFECTIVE DATE LOOMING,
THE LEGISLATURE POSITIONED
A BAN ON THE MANDATE AS PART
OF THE FINAL POLICY NEGOTIATIONS
OF THE 2014 SESSION.

**IN SPITE OF BI-PARTISAN SUPPORT
THE GOVERNOR BLOCKED
THE OPPORTUNITY TO LEAVE SPRINKLERS
AS A HOMEOWNER CHOICE FOR THE
FOURTH CONSECUTIVE SESSION.**



THIS NOW BECOMES
AN ELECTION ISSUE.

Sprinkler Mandate Prohibition

BATC Position: Support Sprinkler Mandate Prohibition

Outcome: Provision included in Senate Bonding Bill but was removed at the Governor's insistence in the final global discussions to conclude the session

ISSUE BACKGROUND:

BATC's top priority again this session was the removal of the home indoor sprinkler system mandate currently in the draft Minnesota building code. This mandate would require sprinkler systems in all homes 4,500 sq. feet (includes finished/unfinished basements) and above. Since 2011, BATC has successfully advanced bills through the Legislature to remove the mandate. However, all bills and amendment attempts were vetoed or removed by pressure from Governor Dayton.

The home indoor sprinkler system mandate as proposed in the code would increase the cost of a new four-bedroom, three-bathroom home by \$9,000. If the home uses private well water, as many communities in the Twin Cities do, the costs can range from \$15,000 to \$20,000 once water pump and well improvements are considered. This cost does not include annual maintenance, higher property taxes, or the cost if the home indoor sprinkler system were to malfunction.

2014 ACTIVITY:

So much happened in the short session of 2014 related to BATC's all-out effort to defeat the proposal for sprinklers that it's difficult to capture in a short synopsis. After assessing that a stand-alone bill to ban the sprinkler mandate would likely face a gubernatorial veto this session (after all, he twice previously vetoed successful bi-partisan bills), BATC's lobbying team and leadership moved to an alternate strategy. That was to attach the prohibition on sprinklers to a bill the Governor would very much like to sign. There were few possible bills, and all faced great challenges regarding the willingness of legislative leaders and authors to include our language. But we were heartened when Sen. David Senjem (R-Rochester), our leading advocate on the issue, offered an amendment on the floor of the Senate to a building inspector bill prohibiting the sprinkler mandate. It passed 44-20.

As we worked throughout the session to shore up legislative support, we moved into the public arena on this issue with a major \$75,000 public relations effort involving radio, TV, print and social media. Our campaign was informed by research and created with the assistance of our expert public relations firm, Himle Rapp, one of the leading issue advocacy strategists in the state. Knowing we'd need a full rpm effort, we also sought the support of the Minnesota Association of Realtors, which also put \$75,000 into the mix for patch-through phone calling and a targeted social media campaign. BATC developed and launched NoSprinklerMandateMN.com, a micro site (our petition on the site ultimately garnered more than 10,000 signatures). Our public relations efforts and those of MAR were designed to drive traffic to the site. Our plan was to generate public support for our ban on sprinklers with a particular focus on key districts, thereby placing pressure on legislators who would then bring the issue to their leadership and Governor Dayton. President Shawn Nelson conducted well over a dozen interviews with major media outlets and BATC was called upon repeatedly by reporters.

But we knew that wouldn't be enough. So we launched a major grassroots effort as well, asking our members (as did the Realtors) to contact their legislators regarding the issue. We heard from many legislators that our efforts were successful and legislative offices notched many a call.

Even as we undertook this public effort, we began quiet work with key Senate leaders seeking to add our sprinkler prohibition to the state's massive bonding bill. The bonding bill was one of the last trains to leave the station during the session and lobbying groups, including the fire services, were shocked when the Senate bonding bill was released with our legislation included. "Incredible play," many said, recognizing what a coup it is to attach a policy rider to the state's biggest spending bill. In fact, it was clear recognition that BATC and the building industry, through our relentless efforts, had risen in stature at the Capitol.

To keep up the pressure, BATC brought on board three additional DFL lobbyists held in the highest regard by the DFL party—former Senate Majority Leader Roger Moe; former Speaker of the House Robert Vanasek and long-time Larkin Hoffman lobbyist Jerry Seck.

We stayed in the bonding bill for two roller coaster weeks. We felt that even if we didn't score an outright ban, we could perhaps delay implementation. But as the saying goes, we missed it by that much. Our sprinkler issue rose to such stature that Governor Dayton publicly called us out twice, once in a major press conference, warning his colleagues that he would veto the entire \$1 billion bonding bill if our provision remained. There's an adage in politics that governor's usually get what they want.

Faced with the Governor's stern public statements and veto threat, key leadership of the House and Senate removed our provision. While this outcome was not entirely unexpected, it is extremely frustrating and disappointing. We at BATC know we gave this fight everything we had, and we understand that the Governor's intransigence is the sole cause for the sprinkler mandate, but it remains painful to consider our current position. There is true reward in that we clearly elevated the stature of BATC and the building industry—which will help us a great deal in the years to come, and will undoubtedly contain many more challenging mandates and regulations.

BATC continues to explore all options with regard to this issue and we expect further discussion as the legislature reconvenes in 2015.

**BUILDER-PAY ATTORNEY FEES FOR
HOMEOWNERS WHO PREVAIL
IN WARRANTY DISPUTES
RESURFACED AT THE CAPITOL IN 2014.**

WHILE ATTEMPTING TO PROVIDE
MORE PROTECTIONS TO THE
EXISTING WARRANTY LAW,
**BATC ARGUED THAT THIS CHANGE
WOULD DRIVE LITIGATION,
INCREASE COSTS, AND WOULD
REMOVE KEY INCENTIVES TO
RESOLVE ISSUES QUICKLY.**



THAT PERSPECTIVE WAS WELL RECEIVED
AND THE ISSUE STALLED IN COMMITTEE.

Builder-Pay Attorney Fees

(HF 2612/SF 2146)

Senate Author: Senator Barb Goodwin (DFL-Columbia Heights)

House Author: Representative Carolyn Laine (DFL-Columbia Heights)

BATC Position: Oppose bill; favor existing American Rule where both parties pay for their attorney fees

Outcome: Provision failed to advance past committees

ISSUE BACKGROUND:

Builder-pay attorney fees have been part of the consumer protection discussion for homeowners over much of the past decade. Consumer advocacy groups cite disadvantages for homeowners seeking remedy in the courts in home warranty claims. BATC has supported legislation that attempts to codify communication and inspection protocols in an effort to solve warranty claims at the earliest opportunity. BATC prefers this approach over one-sided attorney fees favoring a homeowner, which increases litigation and costs.

2014 ACTIVITY:

BATC objected to the proposal upon its introduction, given the substantial consumer protections afforded in the home warranty law and an abiding belief in the American Rule on attorney fees. The American Rule provides that each party is responsible for paying its own attorney's fees unless specific authority granted by statute or contract allows the assessment of those fees against the other party.

Many legislators agreed with BATC's position and the proposal failed to make the policy deadline in both the House and the Senate. There were multiple attempts to schedule an informational hearing following the committee deadlines to further vet the issue, but each of the scheduled hearings were subsequently removed. This is likely an indicator that the issue is still searching for broader traction, but it also signals that there is commitment to keep this issue alive. Look for this issue to continue to garner attention in the interim, as proponents position for another run in the 2015 legislative session.

RULEMAKING.

THE GOVERNOR ATTEMPTED TO
STREAMLINE THE RULEMAKING PROCESS,

**BUT WENT TOO FAR IN
PROPOSING SWEEPING
CHANGES TO THE
RULEMAKING PROCESS THAT
WOULD LIMIT INDUSTRY**

INPUT AND CREATE A FASTER TRACK
FOR NATIONAL CODE PROVISIONS LIKE
THE SPRINKLER MANDATE AND THE
STORMWATER PERMIT UPDATES.



IN THE END, THE GOVERNOR'S BILL
STALLED JUST PRIOR TO MAKING
IT TO THE FINISH LINE.

Rulemaking Bill

(HF 2724 /SF SF 2467)

Senate Author: Senator Sandra Pappas (DFL-St. Paul)

House Author: Representative Mike Nelson (DFL-Brooklyn Park)

BATC Position: Oppose provisions limiting notice and creating fast-track for national model rule provisions

Outcome: BATC-opposed provisions were removed from the bill, overall bill stalled in final days of session

ISSUE BACKGROUND:

The sweeping attempt to amend Minnesota's Administrative Rule process drew BATC opposition at multiple points. BATC's main areas of concern were:

- Allowing incorporation of model law, regulations, or standards using expedited procedures if the proposed change was approved by an organization primarily composed of governmental entities. A group composed of primarily government entities should not trigger an automatic use of the expedited rules process. Reliance that such a group has crafted rule language that fits Minnesota's unique regulatory structure and business climate is misplaced.
- The current 60-day notice of intent to adopt rules gives interested groups like BATC a warning that an important issue for them is about to be discussed and decided. They can study the issue and proposed policy changes, seek expert assistance, discuss the general issue with members and other affected parties, discuss the relative importance of the topic to decide on resources necessary to address the rule, and talk to the agency about general topics of concern in advance of the formal hearing process. By making that optional and of any time length, it removes that ability to be adequately prepared. It also removes time to make the case that an agency has improperly decided an issue is unlikely to be controversial.
- BATC favors a thorough process to avoid unintended consequences of poorly crafted regulations, and disagrees with limiting the ALJ to only topics raised by written testimony.

2014 ACTIVITY:

The bill received multiple hearings in a contentious pathway towards passage. Most of BATC's direct concerns were successfully amended out along the way in committee hearings. In the end, continued opposition from the business community and local governments proved to be too much and the bill stalled in the waning days of session, failing to pass into law.

DEBATE OVER THE THREE B2B TAXES

WHICH WERE RAISED IN 2013
BECAME A MERE FORMALITY WHEN
THE DEPTH OF THE TAX INCREASE
CREATED A SUBSTANTIAL SURPLUS.



THE EFFECT OF CREATING THE TAX
AND QUICKLY REMOVING IT WILL
BE DEBATED FOR SOME TIME.

Repeal Business-to-Business Taxes

(HF 1777)

Senate Author: Senator Rod Skoe (DFL-Clearbrook)

House Author: Representative Ann Lenczewski (DFL-Bloomington)

BATC Position: Support to the bill

Outcome: All three B2B taxes were repealed

ISSUE BACKGROUND:

Last year the Legislature passed and the Governor signed into law new business-to-business taxes. The business-to-business labor service tax was burdensome and holding back the fragile homebuilding recovery.

In addition, it was a challenge for businesses to comply with the law as the industry tries to properly identify what labor services are to be taxed. Guidance from the Department of Revenue was not clear and its interpretation of what is included or excluded from the service tax changed regularly.

The State's February 2014 budget and economic forecast revealed a rise in the projected balance to \$1.233 billion. The long-term budget outlook remains positive. There is no need for the State to impose these business-to-business taxes. Not only are they economically unnecessary, but they contribute to a poor business climate for Minnesota.

2014 ACTIVITY:

With 2014 election overtones in the air, the Legislature moved quickly to repeal all three B2B business taxes.

THE SUB-CONTRACTOR PILOT PROGRAM WAS CONTROVERSIAL

GIVEN THE ELEVATED AND UNEXPECTED LEVEL OF ENFORCEMENT DURING THE PILOT PERIOD, WHICH IS GENERALLY AN EDUCATIONAL INTRODUCTION TO TEST A POLICY.

NONETHELESS, LABOR UNIONS AND THE DEPARTMENT OF LABOR AND INDUSTRY PRESSED TO MAKE THE PILOT PERMANENT.



THE PROGRAM LEFT SESSION AS A PERMANENT PROGRAM, BUT NOT BEFORE BEING AMENDED TO INCLUDE A ONE-TIME PENALTY-FREE PERIOD FOR FIRST-TIME INFRACTIONS.

Subcontractor Pilot Project Made Permanent

Senate Author: Senator Matt Schmitt (DFL-Red Wing)

House Author: Representative Mike Nelson (DFL-Brooklyn Park)

BATC Position: Let the pilot project expire on June 31, 2014 (do not let it become a permanent mandate)

Outcome: Pilot project became permanent, but a safe-harbor was created for first-time infractions

ISSUE BACKGROUND:

In 2012 the Legislature created a subcontractor registration pilot project. Contractors who provide building construction or improvement services (and do not need to be licensed) are required to register with DLI through the Construction Contractor Registration Pilot. Since its inception the pilot project has registered over 12,000 independent contractors. The pilot project was slated to sunset June 30, 2014.

The law replaced the Independent Contractor Exemption Certificate (ICEC) program with a simplified two-year pilot project for registration of contractors who provide building construction and improvement services. It also establishes a framework, including the longstanding nine-factor test, within which individual construction workers may be determined to be employees or independent contractors.

During the pilot, licensed residential contractors learned that it created a heavy burden for them to achieve compliance.

- While it is easy for a subcontractor to register, contractors have the obligation to verify subcontractor status for each job, and to demand that subcontractors register before doing work with them – essentially making the contractor an enforcement agent of the State.
- In addition, against the original intent of the law, some state agencies used this pilot project as authority to enforce unemployment, tax and workers compensation laws, often resulting in tens of thousands of dollars in fines.
- Adding to the frustration is that the State's website to confirm the registration status of a subcontractor is not always in working order, or can fail to reveal a registered business if there is a slight difference in search terms.

2014 ACTIVITY:

The bill cleared both bodies and the Governor signed a bill making the pilot program permanent, but not before including industry language which protects first-time infractions from being subject to fines or other penalties.

SOLAR AND OTHER ALTERNATIVE ENERGY SOURCES

EMERGED MORE PROMINENTLY
IN THE 2014 SESSION.

AN EFFORT TO LIMIT THE ABILITY OF
A HOMEOWNER ASSOCIATION TO
PROHIBIT SOLAR PANELS ON ROOFS
OF STRUCTURES EVOLVED INTO
A PROPERTY RIGHTS DISCUSSION
WHICH ULTIMATELY ENDED UP
BLOCKING THE PASSAGE OF THE BILL.

Solar Ban Prohibition in Certain Homeowners Associations

(SF 2555/HF 2918)

Senate Author: Senator Chris Eaton (DFL-Brooklyn Center)

House Author: Representative Will Morgan (DFL-Burnsville)

BATC Position: Concerns with property rights precedent

Outcome: Bill failed to clear conference committee

ISSUE BACKGROUND:

The bill attempted to prohibit limits on certain residential solar energy systems. The bill would prevent homeowners associations, common interest communities, and other residential communities from limiting a homeowner's use of solar energy when the homeowner owns a single-family dwelling that is attached or detached, where the owner is responsible for the roof. This bill did allow a homeowners association or common interest community, or other community subject to a homeowners association document, to impose other restrictions on the installation, maintenance, and location of the solar energy system.

2014 ACTION:

The bill was folded into the Omnibus Energy Bill near the end of session and proceeded to the conference committee. Amidst property rights concerns forwarded by BATC and others, the language was removed from the final bill and the issue failed to pass into law in 2014.

BATC HAS LONG SUPPORTED

EFFORTS TO STREAMLINE AND INCREASE EFFICIENCY IN THE DEVELOPMENT APPLICATION AND APPROVAL PROCESS.

GOVERNOR DAYTON HAS MADE THIS A PRIORITY AND HAS FOCUSED HIS EFFORTS MAINLY ON THE ENVIRONMENTAL PERMITTING TIME PERIODS FOR STATE AGENCY REVIEW.



AS IT HAD IN PREVIOUS SESSIONS, A BILL PASSED WHICH REQUIRED TIMELY RESPONSES TO CERTAIN APPLICATIONS

Environmental Permitting

(HF 644/SF 561)

Senate Author: Senator Bev Scalze (DFL-Owatonna)

House Author: Representative Melissa Hortman (DFL-Inver Grove Heights)

BATC Position: Neutral on final bill

Outcome: Provision passed and was signed into law as Chapter 237

ISSUE BACKGROUND:

With the stated goal of improving efficiency and reducing wait times, new reforms signed into law by Governor Dayton aim to continue the enforcement of Minnesota's strong environmental protections, while improving the efficiency of the permitting process. The reform measure makes the following changes to state law:

A TWO-TIERED STRATEGY FOR STREAMLINING PERMIT REVIEW

The Minnesota Pollution Control Agency and the Department of Natural Resources review and issue a wide variety of complex permits every year. To ensure these permits are reviewed responsibly and efficiently, the law creates a new two-tiered system that will streamline the permitting process.

- 90-Day Goal – An estimated 11,000 permits every year, including the most general and registration permits for air, water and land, will be issued in 90 days or less.
- 150-Day Goal – Most complex air, water and land construction permits that require public comment periods and more detailed review will be issued in 150 days.

TEN-YEAR PERMITS FOR LOW-RISK PROJECTS

Rather than asking businesses to re-apply for non-controversial permits every five years, the law creates a new ten-year permit for non-federal permits that present a low risk to our environment and human health. To ensure strong environmental protections, businesses that propose changes to their facilities within that ten-year time-period would be required to re-submit their permit application for review.

MAKING THE PERMITTING PROCESS MORE FLEXIBLE

If a business wants to expedite its project, owners can help pay for private consultants and staff overtime at state agencies after a permit application has been submitted for approval. To make the process even more flexible, the new law now allows businesses to speed up the permitting process before it starts – creating a fee-for-service model that involves state agencies earlier in the process to eliminate confusion and ensure the business and state regulators have clear expectations and a shared understanding of the project.

2014 ACTION:

These new reforms garnered broad bipartisan support in the Legislature this session, passing the House by a vote of 92-39, and the Senate by a vote of 61-1.

**FOLLOWING A MINNESOTA
SUPREME COURT DECISION**

WHICH OVERTURNED THE
DNR's ABILITY TO REVIEW LOCAL
ORDINANCES FROM CITIES ALONG
THE LOWER ST. CROIX RIVER, THERE
HAVE BEEN EFFORTS TO CREATE THAT
AUTHORITY FOR THE DNR.



BATC HAS OPPOSED THIS EFFORT AS IT
IS DUPLICATIVE AND UNNECESSARY.
FOLLOWING EARLY MOVEMENT IN
THE SENATE, THE BILL LOST
MOMENTUM AND FAILED TO CLEAR
THE COMMITTEE PROCESS.

Lower St. Croix Wild and Scenic River Review Process

(SF 2272/2714)

Senate Author: Senator Katie Sieben (DFL, Newport)

House Author: Representative Rick Hansen (DFL, South St. Paul)

BATC Position: Oppose

Outcome: Bill failed to pass

ISSUE BACKGROUND:

This bill attempts to establish a review and certification process for the Department of Natural Resources (DNR) to review and certify local ordinances issued for the Lower St. Croix Wild and Scenic River. A similar provision had been a part of the DNR rules for the Lower St. Croix Wild and Scenic River, but was overturned by the Minnesota Supreme Court in re. Hubbard, 778 N.W. 2d 313 (February 11, 2010). The court ruled that the DNR did not have express or implied statutory authority for the rule. Enacting this section would grant express authority for the rule. No zoning ordinance or amendment to a zoning ordinance can become effective until the commissioner of the DNR certifies that it complies with guidelines and standards adopted by rule. If the DNR does not act within 30 days, the ordinance or amendment is considered to be certified.

BATC joined the League of MN Cities and others in expressing concerns about the legislation. Major issues included:

- The addition of another regulatory process for review of variance requests is an onerous and unnecessary requirement placed upon property owners in the lower St. Croix River area. BATC believes that local government units in the area are in the best position to receive and manage local land use requests and are currently completing this function adequately and efficiently.
- The additional regulatory process will raise costs and cause process delays for applicants. Additional costs continue to erode housing affordability, and in shortened construction seasons commonly experienced in Minnesota, delays will further exacerbate these cost concerns.
- More generally, SF 2272/HF 2714 represents a step in the wrong direction in terms of the regulatory efficiency work prioritized by the Dayton administration and both majority caucuses. BATC is strong supporter of these efforts and believes that this legislation proposes precisely the type of inefficiency that we are attempting to remedy. Minnesota is already in the top tier when it comes to housing regulations nationally, and is the highest housing-regulated state in the Midwest. We can ill afford to add to that regulatory burden with an unnecessary additional regulatory process.

2014 ACTION:

The bill was heard and passed the Senate Energy and Environment Committee as well as the Senate State and Local Government Committee. Following its two successful committee hearings, the bill was referred to the Senate Finance Committee but was never heard due to strong opposition from BATC and local government groups opposed to the legislation. In the House the bill was introduced but was never heard, stalling the bill for the 2014 session.

Other Issues Monitored and Addressed by BATC during the Legislative Session

MINIMUM WAGE

As one of the highest profile issues of the session, the legislature and Governor agreed to hike the state's minimum wage. New minimum-wage law takes effect August 1, 2014.

Large employer wage	\$6.15/hour	\$8.00/hour on Aug. 1, 2014 \$9.00/hour on Aug. 1, 2015 \$9.50/hour on Aug. 1, 2016
Small employer wage	\$5.25/hour	\$6.50/hour on Aug. 1, 2014 \$7.25/hour on Aug. 1, 2015 \$7.75/hour on Aug. 1, 2016
90-day training wage	\$4.90/hour	\$6.50/hour on Aug. 1, 2014 \$7.25/hour on Aug. 1, 2015 \$7.75/hour on Aug. 1, 2016
Youth wage	No youth wage	\$6.50/hour on Aug. 1, 2014 \$7.25/hour on Aug. 1, 2015 \$7.75/hour on Aug. 1, 2016
Inflation increase	No inflation increases	Inflation indexing begins Jan. 1, 2018

PARK FEE AUTHORITY

Prior to the session, BATC was approached by proponents of legislation which would grant local governments the authority to create a park fee to be dedicated to park expansion and maintenance. The proposed fee would be established by the local government and included as part of a property owner's property taxes. A bill provision required notice, but did not require a referendum for the fee. BATC, along with the Minnesota Association of Realtors opposed the bill which failed to gain traction in 2014.

STREET IMPROVEMENT DISTRICTS

The 15-year battle between business groups and local governments over authority to create street improvement districts enjoyed a light session in 2014. While the language was discussed throughout the supplemental budgeting process, there wasn't enough traction to place the provision into the bill and subsequent debate. Look for this to resume in 2015, which promises to be a transportation-heavy session.



THE LEADING VOICE
FOR BUILDERS & REMODELERS

2014 LEGISLATIVE SESSION REVIEW



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