

ASA-MN Legislative Update  
February 21, 2011

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#### **Truth-In-Construction-Financing**

In support of ASA's on-going effort to bring transparency to the state's construction financing schemes, Representative Larry Howes (R-Walker) is authoring [HF 590](#). The bill requires evidence of construction financing as part of building & construction contracts. It allows general and sub- contractors to notify lenders in the event of non-payment. In the event of loan default, requires lenders to notify general and sub- contractors of the default and authorizes stop-work without penalty.

#### **Retainage In Escrow**

Accountability of construction payments is core to [HF 589](#) authored by Representative Mark Buesgens (R-Jordan). The bill requires retainage to be held in an interest-bearing third party escrow account and released within 30 days of substantial completion as defined by Minnesota Statutes, section 514.051.

#### **EPA Lead Mandate - Chapter 2**

Gov. Mark Dayton signed his first new law Feb. 17. The law, most of which is effective Aug. 1, 2011, will give residential remodelers, building contractors and other construction specialists more time to post their lead certification qualifications on a website, as required by the Environmental Protection Agency. Sponsored by Rep. Karen Clark (D-Minneapolis) and Sen. Ted Lillie (R-Lake Elmo), the law amends the effective date of last year's law that requires proof of lead certification as a requirement before issuing a building permit. [HF166/ SF139\\*/CH2](#)

#### **Budget Proposals in Play**

Having vetoed the Legislature's first budget fix proposal, Governor Dayton released his budget proposal embodying a \$37 billion state budget. Outlined in the budget proposal is [his solution](#) to the state's projected \$6.2 billion budget shortfall. Governor Dayton's plan focuses on protecting cities, counties and school districts from budget cuts while prioritizing programs for the sick and vulnerable. The package includes more than \$4.1 billion in new revenue raised through tax increases and fees. To cover the remaining deficit the Governor proposes \$1.9 billion in cuts from spending, largely from health and human services programs.

#### **Committee Deadlines**

Continuing with creating a new legislative norm, the Legislature set [committee deadlines](#) in a timeframe not previously seen. Inverting the traditional deadlines, all major finance bills must be passed to the floor by 11:59 p.m. on Friday, March 25 - a deadline that is a month earlier than normal. For policy

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bills, the first deadline is 11:59 p.m. on Friday April 29 and the final policy deadline is 11:59 p.m. on Friday May 6. These last two deadlines push policy work at least 6 weeks later than previous years.

**Bills of Interest**

Manufactured Housing Inspections - HF 342 / SF 225 - provides for manufactured housing inspections to be conducted by a third-party inspector, local building official or the Department of Labor & Industry.

Building & Construction Contracts - HF 390 / SF 387 - amends contracts regulating building contracts as it relates to design and professional services clarifying the enforceability of indemnification agreements.

DOLI & Other Agencies Eliminated - HF 419 - removes from state government the following departments & agencies: Corrections, Employment & Economic Development, Health, Human Rights, Labor & Industry, Management & Budget, Revenue, Transportation, Housing Finance, Pollution Control, IRRRB, and Mediation Services.

Sprinkler Prohibition - HF 460 / SF 297 - prohibits the state building code and local ordinance from requiring the installation of any fire sprinkler system in any new or existing single-family homes.

Mille Lacs County Rescind Building Code - HF 508 / SF 336 - allows Mille Lacs County to rescind the adoption of the state building code and, in the alternative, adopt by ordinance a municipal building code to be enforced by the county.

**PLEASE SEE THE TRACKING REPORT FOR A COMPLETE LIST OF THE BILLS BEING TRACKED THIS YEAR.**