



The Association of Minnesota Building Officials

“Safe Homes – Resilient Communities”



Session Overview

The 2023 legislative session began on January 3, and ended on May 22, 2023. The legislature was controlled completely by Democrats. On May 24, 2023, the Governor signed the “One Minnesota Budget” into law, which was comprised of numerous omnibus finance bills passed at the end of session.

No matter your political affiliation, this session was historic on a number of levels including but not limited to: the most bills introduced in a year (6,800+), the largest budget ever passed ([\\$71.5 billion](#) in FY2024-25), near complete allocation of the largest surplus ever in MN ([\\$17.5 billion](#)), and the largest bonding bill ever passed ([\\$2.6 billion](#) including cash allocations).

Due to the sheer number of bills introduced, the laws enacted, and the policy impacts, this report focuses solely on bills passed into law that directly impact the construction industry.

AMBO at the Capitol: We want to thank the AMBO board and the AMBO Legislative Committee, and those that came up to the capitol to share expertise, testify in committee, and work with our peers. The relationships and the respect that AMBO has built at the state capitol helps ensure the well-being of the Building Official profession, the integrity of the construction codes, and AMBO’s mission “safe homes and resilient communities.”

[Omnibus Bills Impacting the Construction Industry – Passed into Law](#)

Jobs Omnibus Bill

Senate File 3035 / [Chapter Law 53](#)

Overview: Most provisions impacting the construction industry via codes, licensure and/or the Department of Labor and Industry policy was included in the Jobs-Labor omnibus bill. Many provisions have been proposed by DLI for years but have not passed until now. Provisions related to wage theft, ergonomics, warehouse workers and others are also included in this legislation.

Relevant provisions:

- Ensuring prevailing wage on a variety of state funded construction projects.
- Establishing the DLI office of Apprenticeship.
- Labor Education Advancement Grants for BIPOC in registered apprenticeship programs.
- Required posting of veteran benefits & resources, fines imposed if not completed.

- OSHA fine increases to comply with federal limits and tied to inflation; limiting the presence of employers in OSHA investigation interviews with employees; requiring the publishing of OSHA violations and the employer appeal.
- State building definition modified to include “assisted living facility,” effectively clarifying DLI inspection authority over these buildings. This may impact municipalities currently performing these inspections that do not have delegation authority.
- Commercial energy code updates, DLI to regularly adopt a new model commercial energy code, ASHRAE 90.1 or a more efficient standard.
- DLI to adopt window cleaning safety features that comply with a nationally recognized standard.
- Authorizing expedited rulemaking for adult sized changing tables in public restrooms.
- Electric vehicle, minimum number of parking spaces authorized via rulemaking.
- Making the penetration of a roof for solar installation a “special skill” requiring licensure and allowing homeowners to recover under the contractor recovery fund.
- Non-compete agreements signed after 7/1/23 are void and unenforceable.
- “Duty to defend” requirements limited to a party’s own acts or omissions.
- Construction wage theft protections (see summary).
- Expansion of the Women’s Economic Security act for lactating employees, applying to employers with more than 1 employee.
- Sick and Safe Time (see summary).
- Preventing the prohibition of refrigerants authorized by the EPA.
- Elevator licensing statute narrowed to allow current practices as relates to conveyors.
- Load control inspection exemptions for repair and replacement by a licensed electrician.
- State permitted to offer reciprocity for licensures.
- Boilers, expanding state inspection authority by reducing the exemption from 500,000BTU to 200,00BTU.
- Sacred communities and micro unit dwellings - Allows for permanent micro unit dwellings surrounding a religious institution as a sacred community for housing the chronically homeless or extremely low-income individuals and designated volunteers.

State Government Finance

House File 1830, [Chapter Law 62](#)

Overview: Spends \$1.53 billion in FY2024-25. It includes funding for state constitutional offices, boards, agencies and councils, and the Administration and Revenue departments. The bill also makes changes to election laws and local government aid. **Relevant provisions:**

- Requires alternative energy sources for new construction or a 50% remodel of a state building and must meet SB2030 objectives.
- Increases the cap agencies to use for the competitive bid process from a max of 25k to 100k & increases the bid preference from 6% to 12% for targeted & veteran businesses.
- “Best and final offer” permitted, but not on competitive bid projects.
- Construction manager at risk permitted for municipalities.

Environment & Energy Omnibus

House File 2310, [Chapter Law 60](#)

Overview: Spending over \$1.6 billion on the environment and natural resources, including \$939 million for the DNR, \$535 million to the MN Pollution Control Agency, among other items. The energy portions allocate \$282.3 million from the General Fund and \$110.8 million from the Renewable Development Account. **Relevant provisions:**

- For construction projects receiving appropriation, the buildings must meet energy conservation and sustainable building guidelines and standards.
- Establishment of resiliency guidelines to encourage adaption to climate change for buildings over 10k sq.ft.
- \$100m for local government climate resiliency & water infrastructure grants.
- Environmental Procurement Standards Taskforce pilot - designed to obtain from vendors, via “encouragement,” the total product lifecycle greenhouse gas impacts.
- Significant investments in alternative energy development.
- 1/1/25 prohibition of sale/distribution of carpets/rugs with intentionally added PFAS.

Tax Omnibus

House File 1938, [Chapter Law 64](#)

Overview: Some claim it’s the biggest tax break in history, while others point to the enormous tax increases on segments of the economy. **Relevant provisions:**

- Construction sales tax exemption - Exemption provisions for construction materials.
- Reinstatement and extension of the state Historic Structure Rehabilitation Tax Credit, the credit is retroactive to the previous sunset date and extends until 6/30/30.

Housing Omnibus

House File 2335 / [Chapter Law 37](#)

Overview: Primarily comprised of funding for housing and first-time home buyers, and a quarter

percent metro-area sales tax dedicated to fund affordable housing. The Housing chairs in the House and Senate both committed to considering policy changes to address a shortage of affordable homes in MN, such as zoning and code reforms. **Relevant provisions:**

- \$10 million for sprinkling residential high-rise buildings.
- \$2 million grant matching program for residential high-rise buildings.

Transportation Omnibus

House File 2887 / [Chapter Law 68](#)

Overview: Appropriating funds for MNDOT, nearly \$8 billion, and \$580 million for the Department of Public Safety. Authorizing \$600 million in trunk highway bonds. **Relevant provisions:**

- Increased gas tax, a 0.75% metro-area sales tax increase, a 50-cent fee on deliveries, and higher registration and driver's license fees.
- Creation of the Advisory Council on Traffic Safety.

Broader Business Bills Impacting Construction – Passed into Law

Bonding

[HF669/HF670](#)

Overview: \$2.6b in Cash & GO Bonds

In the last days of session, the legislature came to agreement on the passage of \$2.6 billion capital investment bill. The funds are made up of \$1.5b in general obligation bonds and \$1.1b in cash. These dollars are allocated to state agencies, counties, cities, universities, and nonprofits to acquire land, build roads, and make important capital improvements.

Paid Family Medical Leave (PFML):

House File 2 / [Chapter Law 59](#)

The state's new PFML is a state-run insurance program (ex. unemployment insurance) allowing employees to apply for up to 12 paid weeks for medical leave & 12 paid weeks for family leave with a total cap at 20 weeks per year. The program begins on January 1, 2026, and will be seeded with state funds from the surplus and later funded by a shareable employer & employee tax of .07% (referred to as a premium).

Employees will earn a percentage of their wages while on leave depending on their pay, with a maximum capped at the state's average weekly pay (i.e., \$1,287.00 for 2023). There is the

option for a private plan as long as if the benefits are equal or greater to the state program. The program applies to all employees once they have worked 90 days.

Wage Theft

Senate File 3035 / [Chapter Law 53](#)

The law makes a general contractor responsible for a subcontractor's failure to pay employee wages. A general contractor is allowed to request employee payment information from a subcontractor, and the subcontractor must provide that information within 15 days. A general contractor can recover costs from a non-exempt subcontractor who has failed to pay their employees once the general contractor has paid the employee's unpaid wages, not before.

This legislation was opposed by the LMC due to the following provision, but despite LMC opposition, the provision was passed into law – if an owner (i.e., a city) hires more than one subcontractor on a single construction site, the owner is considered the “contractor” and can become liable for the unpaid wages of their subcontractors.

The bill applies to all construction projects but exempts subcontractors and general contractors that are signatory to a Collective Bargaining Agreement (CBA), projects paying prevailing wage, and some smaller residential projects.

- *Applies to agreements entered into, renewed, modified, or amended on or after 8/1/23.*

Earned Sick & Safe Time (SST)

Senate File 3035 / [Chapter Law 53](#)

Employees will earn *paid* sick & safe time. 1 hour for every 30 hours worked, up to 48 hours per year with a cap of up to 80 hours over multiple years. Employees can use this time for to recover from illness, stalking, domestic abuse, etc. Employees SST begins accruing when employment begins. Employers can require reasonable notice for a foreseeable event. There is a CBA optional waiver and current plans that meet/exceed the statutory minimum are permitted.

Adult Use Recreational Cannabis

[House File 100](#)

Recreational adult use cannabis legalized for those 21+. Cannabis testing is prohibited as a condition of employment, but there are two important exceptions: Federal licenses (ex. CDL) will still not permit state-legalized cannabis use and “safety-sensitive positions” can require testing. As with other substances, if an employee shows up to work impaired or unable to perform their duties employers can use current disciplinary action to address those issues.