



BUILDING AN INCLUSIVE GREEN ECONOMY STRONG ENOUGH TO LIFT PEOPLE OUT OF POVERTY

## SUMMARY OF MINNESOTA GREEN JOBS ACT (2007) S.F. NO. 3096

Minnesota has long been a forerunner on environmental issues. In 2007, the state passed the Demand Efficiency Act (Sen. Dibble, Rep. Kalin). The DEA provided strong targets for energy efficiency, for efficiency ratemaking, and for programs that reduce global warming emissions and reduce costs for low-income consumers. The DEA worked in concert with the Minnesota's Renewable Energy Standard (Kalin) which called for a 42% reduction in projected carbon emissions by 2025. This means that by 2025 more energy will be saved from the efficiency bill than will be generated by a nation-leading 25% Renewable Energy Standard.

Given the state's leadership on environmentalism, it came as no surprise when the state sought to bring in the German company, Vestas, to create good green jobs for its residents. When the state failed to lock in the Vestas contract, however, Minnesota legislators decided to take leadership and create a strategy for developing green jobs within the state. Representative Kalin and Senator Ellen Anderson met with public and private stakeholders to create a strategy for developing green jobs. The result of this collaboration was the Minnesota Green Jobs Act. The Minnesota Green Jobs Act sought to advance green economic development while also creating living wage jobs. The Act gained bipartisan support and was signed into law by Governor Tim Pawlenty on May 23, 2008.

The Minnesota Green Jobs Act includes five policy mechanisms to assist the statewide emerging green economy: The Act: (A) adds green economic development to the criteria for economic development assistance; (B) creates a Green Jobs Task Force; (C) creates an Energy Improvement Loan Program; (D) establishes a Microenergy Loan Program; and (E) mandates the completion of the "Green Economy Report."

This summary reviews three particularly noteworthy portions of the bill: (i) prioritizing projects that promote the "green economy" for economic subsidies; (ii) the Green Jobs Task Force; and (iii) the Green Economy Report.<sup>1</sup>

### **(I) Advancing the Green Economy**

The Minnesota Green Jobs Act made green economic development projects eligible for receiving development assistance through Redevelopment Grants or Minnesota Investment Fund grants. Projects that promote the green economy<sup>ii</sup>, among other characteristics<sup>iii</sup>, will be eligible and have priority for receiving redevelopment grant funding when applications for grants exceed the available appropriations. The Act defines "green economy" as efforts related to increasing the use of energy from renewable resources, achieving statewide energy savings goals, achieving reductions in greenhouse gas emissions, safeguarding the quality of surface waters, and expanding the use of biofuels.<sup>iv</sup>

By adding this provision, Minnesota encourages businesses to become greener. This, by extension, creates more demand for green products, services, processes – which in turn will increase demand for trained "green economy" workers.



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## **(II) Green Jobs Task Force**

The Act created the Minnesota Green Jobs Task Force (“Task Force”) to advise state policymakers in advancing the state’s green economy, and to develop a statewide green economy action plan.

The Task Force first convened in September 2008 and consisted of relevant stakeholders, including state legislators, representatives from the Office of Energy Security, the Department of Employment and Economic Development (DEED), Job Skills Partnership Board, the University of Minnesota, the manufacturing industry, labor unions, a statewide environmental organization, a statewide organization dedicated to furthering the green economy, financial institutions or venture capital, green manufacturing, and a local workforce development representative from an area that has experienced significant job loss. In moving forward, these partners can draw on collective resources and undertake analysis critical to green industry development. Using a collaboration model, Minnesota is working towards aligning strategic partners so the state can effectively direct policies efforts towards growing the green economy.

Since convening, the Task Force has formed three subcommittees to examine: (i) workforce education and training for green jobs; (ii) attracting green jobs; and (iii) retaining and expanding green jobs. Each subcommittee received input from interested stakeholders in developing their recommendations for the Action Plan.

Task Force developed a statewide Action Plan for growing the green economy. The Action Plan includes: (i) necessary draft legislation and budget requests; (ii) an analysis of market opportunities at the local, state, national and international levels; (iii) an analysis of current and future demand for green-trained workers; and (iv) an inventory of current labor and business groups available to respond to identified opportunities. The Task Force presented a draft of the plan in January 2009.<sup>v</sup> It is beyond the purview of this document to provide details on the recommendations. However, the link to the Action Plan is provided below.

## **(III) Green Economy Report**

Each state agency that administers a loan or grant program must assess those programs to determine their potential to promote the green economy.<sup>vi</sup> Specifically, each state agency must assess their methods, processes, products, technologies, or services and determine whether they can increase the use of renewable energy, safeguard the quality of surface waters, expand the use of biofuels, or help achieve the greenhouse gas emission reduction goals. This includes strategies that reduce carbon emissions, such as retrofitting existing buildings and other infrastructure, and using mass transit or otherwise reducing commuting for employees.

State agencies were required to report their findings to the Commissioner of Commerce by September 15, 2008. If a loan or grant program holds significant potential to promote the green economy, the agency must make an appropriate plan to integrate program elements and report to the Commissioner of Commerce within one month. The Commissioner of Commerce, in consultation with the Commissioner of Employment and Economic Development, must develop guidelines for state agencies. After receiving plans, both commissioners must submit a report containing the agency plans and any recommended legislation to committee chairs who oversee energy, environmental, and economic development, and finance policy.



## IDEAS FOR LEGISLATORS USING THE MINNESOTA GREEN JOBS MODEL

Minnesota's bill is a good model for state policymakers seeking to introduce a green jobs act in their state. By simultaneously attempting to create green jobs and to provide effective job training programs, the vision behind Minnesota's Green Jobs Act deserves to be emulated. Below, we identify some of the Act's strengths and offer suggestions to further the Act's goals.

- (1) **Integrate Green Jobs Initiatives with Green Economy Report.** As written, the Act requires state agencies to evaluate their potential to further the green economy for the Green Economy Report. Requiring agencies to consider their role with regard to conserving energy and the potential to use renewable energy is an important step to addressing a green jobs economy, because state agencies and institutions can be a significant contributor to greenhouse gas emissions. State policymakers may also consider coupling its environmental initiatives with the green jobs initiatives, as developed by the Green Jobs Task Force. This would couple the environmental goals with the economic development and employment strategies.
- (2) **Work to solve pollution and poverty at the same time.** Minnesota's ambitious renewable portfolio standard (RPS) is an excellent job creation tool. Aggressive mandates for renewable energy will spur job creation by increasing demand. The most progressive state legislation will also recognize, however, the need to create a collaborative environment between various stakeholders in the green economy to efficiently train targeted populations for jobs that correlate with the industry demands relative to the state's RPS. It is imperative that training programs be sponsored or endorsed by the state specifically target individuals who fall below poverty guidelines to ensure that the state is addressing the goal of lifting people from poverty while at the same time living up to its environmental commitments.
- (3) **Require support services in job training programs.** In addition to setting stringent environmental goals and training individuals to do the necessary work, states, in keeping with their goals to reduce poverty, should also include programs that address individuals' needs during training. Many low-income or high-employment barrier individuals will need wraparound services to allow full participation in any Green Jobs Training program. Pathways out of poverty include provisions for trainees' to have access to career counseling, GED completion courses, childcare services and transportation assistance. These wrap around options are vital to ensure that all people can benefit from the green economy.

## LINKS

Green Economy Report:

[www.state.mn.us/mn/externalDocs/Commerce/Green\\_Economy\\_Report\\_022009033204\\_GreenEconomyReport.pdf](http://www.state.mn.us/mn/externalDocs/Commerce/Green_Economy_Report_022009033204_GreenEconomyReport.pdf)

Green Jobs legislation:

[www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3096.3.html&session=ls85](http://www.revisor.leg.state.mn.us/bin/bldbill.php?bill=S3096.3.html&session=ls85)

Minnesota Green Jobs Task Force: [www.mngreenjobs.com](http://www.mngreenjobs.com)

Minnesota Green Jobs Task Force Action Plan: [www.mngreenjobs.com/action-plan](http://www.mngreenjobs.com/action-plan)

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<sup>i</sup> Summary of the two omitted portions of the bill are included here:

**Energy Improvement Financing Program:** The Act created two separate Energy Improvement Financing Programs, one for the state government and another for local government. Both the state and the local programs similarly provide funds for state and local projects aimed at improving the energy use of their buildings. Both programs allow funds to be used for training the necessary staff to operate and maintain the equipment or improvements. The program prioritizes services to state and local agencies that operate in buildings that offer the greatest potential to improve energy efficiency and reduce the use of fossil-fuel energy. The Commissioner will file an annual report to the senate and house committees on energy finance to illustrate the program's effectiveness. The report must identify the total number of projects and the energy savings, costs, and total amount paid for technical services on each project.

**Microenergy Loan Program:** The Microenergy Loan Program provides local governments and businesses with low-interest, long-term loans for small-scale renewable energy systems. The Commissioner of Commerce may also participate in loans made by the Housing Finance Agency to residential property owners, private developers, nonprofit organizations, or local government.<sup>i</sup> The Commissioner will issue a request for proposals from local governments at least once each year. The program will be funded through the newly authorized Microenergy Loan Revenue Bonds, which will be repaid by proceeds from the program and other pledged revenues.

<sup>ii</sup> "The Commissioner shall give priority to redevelopment projects with one or more of the following characteristics: (1) the need for redevelopment in conjunction with contamination remediation needs; (2) the redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project; (3) the redevelopment potential within the municipality; (4) proximity to public transit if located in the metropolitan area; (5) redevelopment costs related to expansion of a bioscience business in Minnesota; (6) multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact; or (7) *the project advances or promotes the economy.*" Minnesota Statutes for Employment and Economic Development, Redevelopment, Grants. § 116J.575, Subdiv. 1a(a) (2008). [Ital. added.] "These factors are not ranked in order of priority. The commissioner may weight each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The Commissioner may consider other factors that affect the net return of public benefits for completion of the redevelopment plan." *Id.* at Subdiv. 1a(b). Grants are distributed with a priority for sites that provide the highest return in public benefits. "Public benefits" include job creation, bioscience development, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement." *Id.* at 1a(a). Available at: <https://www.revisor.leg.state.mn.us/statutes/?id=116J.575&year=2008>.

<sup>iii</sup> Minnesota Statutes 2006, § 116J.8731, Subdiv. 4 is amended to read: "Assistance must be evaluated on the existence of the following conditions: (1) creation of new jobs, retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs; (2) increase in the tax base; (3) the project can demonstrate an excessive public infrastructure or improvement costs beyond the means of the affected community and private participants in the project; (5) the project provides higher wage levels to existing business; (7) whether assistance is necessary to attract out-of-state business; and (8) *the project promotes or advances the green economy as defined in section 116J.437.*" [Ital. added.]

<sup>iv</sup> *Id.*

<sup>v</sup> The Draft Action Plan was recently released. It included recommendations for legislative strategies, collaborative strategies for the private sector, and collaborative strategies for the state institutions. The Draft Action Plan is available online at: <http://www.mngreenjobs.com/action-plan>. Last viewed January 25, 2009.

<sup>vii</sup> The Act exempts the Iron Range Resources and Rehabilitation Board or the Office of the Commissioner of Iron Range Resources and Rehabilitation from this requirement.