

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 1765

- 04/11/2013 Authored by Nelson
The bill was read for the first time and referred to the Committee on Labor, Workplace and Regulated Industries
- 04/16/2013 Adoption of Report: Pass and re-referred to the Committee on Rules and Legislative Administration
- 04/17/2013 Adoption of Report: Pass and re-referred to the Committee on Government Operations
- 04/18/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Commerce and Consumer Protection Finance and Policy
- 04/25/2013 Adoption of Report: Pass as Amended and re-referred to the Committee on Taxes
- 04/03/2014 Adoption of Report: Amended and Placed on the General Register
Read Second Time

1.1 A bill for an act
1.2 relating to publicly financed projects; requiring labor peace agreements for
1.3 certain state-funded construction projects; proposing coding for new law in
1.4 Minnesota Statutes, chapter 16C.

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

1.6 Section 1. **[16C.50] LABOR PEACE AGREEMENTS.**

1.7 Subdivision 1. **Definitions.** For the purposes of this section:

1.8 (1) the state has a "proprietary interest" in a project where it finances the project in
1.9 whole or in part by any of the following: providing a grant; providing a loan; guaranteeing
1.10 any payment under any loan, lease, or other obligation; contributing revenue on general
1.11 obligation bond; or providing a tax abatement, reduction, deferral, or credit;

1.12 (2) the state acts as a "market participant" in a project when it is the owner of the
1.13 project; is an equity investor in the project; or donates, sells, or leases real property,
1.14 personal property, or infrastructure in support of the project;

1.15 (3) "qualifying project" means a project that is located in a city of the first class as
1.16 defined under section 410.01, and includes the construction or development of:

1.17 (i) a hotel;

1.18 (ii) a food and beverage operation that is integral to a hotel, a major league or minor
1.19 league sports facility, a convention center, or a civic center;

1.20 (iii) a cultural venue with catering or cafeteria facilities; or

1.21 (iv) infrastructure constructed specifically to support a project in item (i), (ii), or (iii);

1.22 (4) "hospitality workers" means all full-time or regular part-time employees of
1.23 hotels and their integral food and beverage operations, as well as all full-time or regular
1.24 part-time employees providing food and beverage, concession, catering, cafeteria, or

2.1 merchandise services at sports facilities, convention centers, civic centers, or cultural
2.2 venues, excluding supervisors, managers, and guards;

2.3 (5) "employer of hospitality workers" means an employer of hospitality workers who
2.4 will be employed as a result of a qualifying project, and includes a developer of a state or
2.5 local government-owned facility that is all or part of a qualifying project and a developer
2.6 of a facility benefiting from state financial participation in a qualifying project; and

2.7 (6) "labor peace agreement" means a valid contract that sets forth agreements by
2.8 and between an employer of hospitality workers and any labor organization seeking to
2.9 represent hospitality workers on the process the employer and union will follow as the
2.10 hospitality workers who will be employed as a result of the project choose whether or not
2.11 to organize as a unit for collective bargaining with the employer.

2.12 Subd. 2. **Labor peace agreement required.** Any employer of hospitality workers
2.13 on a qualifying project must have negotiated and executed a labor peace agreement with
2.14 any interested labor organization prior to, and as a condition precedent of, the execution of
2.15 a contract, project, agreement, grant agreement, or other agreement for financial assistance
2.16 that causes the state to hold a proprietary interest in the project. When the state acts as a
2.17 market participant in the project, any employer of hospitality workers must have a signed
2.18 labor peace agreement with any interested labor organization prior to, and as a condition
2.19 precedent to, its contract with the state.

2.20 Subd. 3. **Labor peace agreement provisions.** To fulfill the condition precedent to
2.21 state financial participation, a labor peace agreement must contain:

2.22 (1) a provision prohibiting the labor organization and its members from engaging
2.23 in any picketing, work stoppages, boycotts, or any other economic interference with
2.24 the employer's hospitality operations on the qualifying project for the duration of the
2.25 state government's ongoing financial interest in the qualifying project or for five years,
2.26 whichever is greater;

2.27 (2) a provision requiring that during the duration of the agreement, all disputes
2.28 relating to employment conditions or the negotiation thereof shall be submitted to final
2.29 and binding arbitration; and

2.30 (3) a provision requiring the employer of hospitality workers to incorporate the
2.31 terms of the labor peace agreement in any contract, subcontract, lease, sublease, operating
2.32 agreement, concessionaire agreement, franchise agreement, or other agreement or
2.33 instrument giving a right to any other employer of hospitality workers to own or operate
2.34 the project or activities within the project.

2.35 Subd. 4. **Binding arbitration.** If the employer of hospitality workers and the
2.36 interested labor organization reach impasse in negotiating a labor peace agreement,

3.1 following mediation, either party may petition the commissioner of the Bureau of
3.2 Mediation Services for binding arbitration. The procedural rules of section 179A.16
3.3 shall be followed in the selection of the arbitration panel. The question to be certified
3.4 for arbitration shall be whether the interested labor organization has placed arbitrary
3.5 or capricious conditions upon the negotiation of the labor peace agreement. If the
3.6 arbitrator answers in the affirmative, the employer of hospitality workers is relieved of the
3.7 obligations of this section.

3.8 Subd. 5. **Existing agreements.** If an employer of hospitality workers has valid
3.9 collective bargaining agreements with recognized unions that cover, or will cover, the
3.10 hospitality workers that will be employed as a result of the qualifying project, those
3.11 agreements satisfy the requirements of this section.

3.12 Subd. 6. **Exemption.** This section shall not apply to projects that receive funds,
3.13 property, goods, guarantees, or allowances of less than \$2,000,000 of the total cost of the
3.14 project from state sources.

3.15 Subd. 7. **Limitations.** Nothing in this section requires an employer to recognize a
3.16 particular labor organization. This section is not intended to enact or express any generally
3.17 applicable policy regarding labor management relations or to regulate those relations in
3.18 any way. This section is not intended to favor any particular outcomes in the determination
3.19 of employee preference regarding union representation.

3.20 Subd. 8. **Prior financial assistance.** Nothing in this section applies to any financial
3.21 assistance for which a contract or project agreement was executed prior to July 1, 2014.