

1.1 A bill for an act
1.2 relating to economic development; providing for extensions to certain economic
1.3 development grant programs during a peacetime emergency; amending Minnesota
1.4 Statutes 2018, sections 116J.8748, subdivision 3; 116J.994, subdivision 6; Laws
1.5 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, as amended.

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

1.7 Section 1. Minnesota Statutes 2018, section 116J.8748, subdivision 3, is amended to read:

1.8 Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To
1.9 receive designation as a Minnesota job creation fund business, a business must satisfy all
1.10 of the following conditions:

1.11 (1) the business is or will be engaged in, within Minnesota, one of the following as its
1.12 primary business activity:

1.13 (i) manufacturing;

1.14 (ii) warehousing;

1.15 (iii) distribution;

1.16 (iv) information technology;

1.17 (v) finance;

1.18 (vi) insurance; or

1.19 (vii) professional or technical services;

1.20 (2) the business must not be primarily engaged in lobbying; gambling; entertainment;
1.21 professional sports; political consulting; leisure; hospitality; or professional services provided

2.1 by attorneys, accountants, business consultants, physicians, or health care consultants, or
2.2 primarily engaged in making retail sales to purchasers who are physically present at the
2.3 business's location;

2.4 (3) the business must enter into a binding construction and job creation business subsidy
2.5 agreement with the commissioner to expend directly, or ensure expenditure by or in
2.6 partnership with a third party constructing or managing the project, at least \$500,000 in
2.7 capital investment in a capital investment project that includes a new, expanded, or remodeled
2.8 facility within one year following designation as a Minnesota job creation fund business or
2.9 \$250,000 if the project is located outside the metropolitan area as defined in section 200.02,
2.10 subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans,
2.11 women, or persons with a disability; and:

2.12 (i) create at least ten new full-time employee positions within two years of the benefit
2.13 date following the designation as a Minnesota job creation fund business or five new full-time
2.14 employee positions within two years of the benefit date if the project is located outside the
2.15 metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business
2.16 is cumulatively owned by minorities, veterans, women, or persons with a disability; or

2.17 (ii) expend at least \$25,000,000, which may include the installation and purchase of
2.18 machinery and equipment, in capital investment and retain at least 200 employees for projects
2.19 located in the metropolitan area as defined in section 200.02, subdivision 24, and 75
2.20 employees for projects located outside the metropolitan area;

2.21 (4) positions or employees moved or relocated from another Minnesota location of the
2.22 Minnesota job creation fund business must not be included in any calculation or determination
2.23 of job creation or new positions under this paragraph; and

2.24 (5) a Minnesota job creation fund business must not terminate, lay off, or reduce the
2.25 working hours of an employee for the purpose of hiring an individual to satisfy job creation
2.26 goals under this subdivision.

2.27 With the commissioner's authorization, the one-year period requirement to meet minimum
2.28 capital investment requirements under clause (3) and the minimum job creation requirements
2.29 in clause (3), item (i), may be extended for up to 12 months for projects that must meet
2.30 these requirements within 12 months of the governor's declaration of a peacetime emergency.

2.31 (b) Prior to approving the proposed designation of a business under this subdivision, the
2.32 commissioner shall consider the following:

2.33 (1) the economic outlook of the industry in which the business engages;

3.1 (2) the projected sales of the business that will be generated from outside the state of
3.2 Minnesota;

3.3 (3) how the business will build on existing regional, national, and international strengths
3.4 to diversify the state's economy;

3.5 (4) whether the business activity would occur without financial assistance;

3.6 (5) whether the business is unable to expand at an existing Minnesota operation due to
3.7 facility or land limitations;

3.8 (6) whether the business has viable location options outside Minnesota;

3.9 (7) the effect of financial assistance on industry competitors in Minnesota;

3.10 (8) financial contributions to the project made by local governments; and

3.11 (9) any other criteria the commissioner deems necessary.

3.12 (c) Upon receiving notification of local approval under subdivision 2, the commissioner
3.13 shall review the determination by the local government and consider the conditions listed
3.14 in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local
3.15 area to designate a business as a Minnesota job creation fund business.

3.16 (d) If the commissioner designates a business as a Minnesota job creation fund business,
3.17 the business subsidy agreement shall include the performance outcome commitments and
3.18 the expected financial value of any Minnesota job creation fund benefits.

3.19 (e) The commissioner may amend an agreement once, upon request of a local government
3.20 on behalf of a business, only if the performance is expected to exceed thresholds stated in
3.21 the original agreement.

3.22 (f) A business may apply to be designated as a Minnesota job creation fund business at
3.23 the same location more than once only if all goals under a previous Minnesota job creation
3.24 fund agreement have been met and the agreement is completed.

3.25 Sec. 2. Minnesota Statutes 2018, section 116J.994, subdivision 6, is amended to read:

3.26 Subd. 6. **Failure to meet goals.** (a) The subsidy agreement must specify the recipient's
3.27 obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must
3.28 require a recipient failing to meet subsidy agreement goals to pay back the assistance plus
3.29 interest to the grantor or, at the grantor's option, to the account created under section 116J.551
3.30 provided that repayment may be prorated to reflect partial fulfillment of goals. The interest
3.31 rate must be set at no less than the implicit price deflator for government consumption

4.1 expenditures and gross investment for state and local governments prepared by the Bureau
 4.2 of Economic Analysis of the United States Department of Commerce for the 12-month
 4.3 period ending March 31 of the previous year. The grantor, after a public hearing, may extend
 4.4 for up to one year the period for meeting the wage and job goals under subdivision 4 provided
 4.5 in a subsidy agreement or up to two years if the governor has declared a peacetime emergency
 4.6 during the initial two-year compliance period. A grantor may extend the period for meeting
 4.7 other goals under subdivision 3, paragraph (a), clause (3), by documenting in writing the
 4.8 reason for the extension and attaching a copy of the document to its next annual report to
 4.9 the department.

4.10 (b) A recipient that fails to meet the terms of a subsidy agreement may not receive a
 4.11 business subsidy from any grantor for a period of five years from the date of failure or until
 4.12 a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

4.13 (c) Before a grantor signs a business subsidy agreement, the grantor must check with
 4.14 the compilation and summary report required by this section to determine if the recipient
 4.15 is eligible to receive a business subsidy.

4.16 Sec. 3. Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, as
 4.17 amended by Laws 2019, First Special Session chapter 12, section 4, is amended to read:

4.18	Subd. 2. Business and Community Development	44,931,000	42,381,000
4.19	Appropriations by Fund		
4.20	General	40,756,000	38,206,000
4.21	Remediation	700,000	700,000
4.22	Workforce		
4.23	Development	3,475,000	3,475,000

4.24 (a) \$1,787,000 each year is for the greater
 4.25 Minnesota business development public
 4.26 infrastructure grant program under Minnesota
 4.27 Statutes, section 116J.431. This appropriation
 4.28 is available until June 30, 2023.

4.29 (b) \$1,425,000 each year is for the business
 4.30 development competitive grant program. Of
 4.31 this amount, up to five percent is for
 4.32 administration and monitoring of the business
 4.33 development competitive grant program. All

5.1 grant awards shall be for two consecutive
5.2 years. Grants shall be awarded in the first year.

5.3 (c) \$1,772,000 each year is for contaminated
5.4 site cleanup and development grants under
5.5 Minnesota Statutes, sections 116J.551 to
5.6 116J.558. This appropriation is available until
5.7 June 30, 2023.

5.8 (d) \$700,000 each year is from the remediation
5.9 fund for contaminated site cleanup and
5.10 development grants under Minnesota Statutes,
5.11 sections 116J.551 to 116J.558. This
5.12 appropriation is available until June 30, 2023.

5.13 (e) \$139,000 each year is for the Center for
5.14 Rural Policy and Development.

5.15 (f) \$25,000 each year is for the administration
5.16 of state aid for the Destination Medical Center
5.17 under Minnesota Statutes, sections 469.40 to
5.18 469.47.

5.19 (g) \$875,000 each year is for the host
5.20 community economic development program
5.21 established in Minnesota Statutes, section
5.22 116J.548. This appropriation is available until
5.23 June 30, 2022.

5.24 (h) \$125,000 each year is from the workforce
5.25 development fund for a grant to the White
5.26 Earth Nation for the White Earth Nation
5.27 Integrated Business Development System to
5.28 provide business assistance with workforce
5.29 development, outreach, technical assistance,
5.30 infrastructure and operational support,
5.31 financing, and other business development
5.32 activities. This is a onetime appropriation.

5.33 (i) \$450,000 each year is from the workforce
5.34 development fund for a grant to Enterprise

6.1 Minnesota, Inc. for the small business growth
6.2 acceleration program under Minnesota
6.3 Statutes, section 116O.115. This is a onetime
6.4 appropriation.

6.5 (j) \$250,000 the first year is for a grant to the
6.6 Rondo Community Land Trust for
6.7 improvements to leased commercial space in
6.8 the Selby Milton Victoria Project that will
6.9 create long-term affordable space for small
6.10 businesses and for build-out and development
6.11 of new businesses.

6.12 (k) \$400,000 each year is from the workforce
6.13 development fund for a grant to the
6.14 Metropolitan Economic Development
6.15 Association (MEDA) for statewide business
6.16 development and assistance services, including
6.17 services to entrepreneurs with businesses that
6.18 have the potential to create job opportunities
6.19 for unemployed and underemployed people,
6.20 with an emphasis on minority-owned
6.21 businesses. This is a onetime appropriation.

6.22 (l) \$750,000 in fiscal year 2020 is for grants
6.23 to local communities to increase the supply of
6.24 quality child care providers to support
6.25 economic development. At least 60 percent of
6.26 grant funds must go to communities located
6.27 outside of the seven-county metropolitan area
6.28 as defined under Minnesota Statutes, section
6.29 473.121, subdivision 2. Grant recipients must
6.30 obtain a 50 percent nonstate match to grant
6.31 funds in either cash or in-kind contributions.
6.32 Grant funds available under this section must
6.33 be used to implement projects to reduce the
6.34 child care shortage in the state, including but
6.35 not limited to funding for child care business

7.1 start-ups or expansion, training, facility
7.2 modifications or improvements required for
7.3 licensing, and assistance with licensing and
7.4 other regulatory requirements. In awarding
7.5 grants, the commissioner must give priority
7.6 to communities that have demonstrated a
7.7 shortage of child care providers in the area.
7.8 This is a onetime appropriation. Within one
7.9 year of receiving grant funds, grant recipients
7.10 must report to the commissioner on the
7.11 outcomes of the grant program, including but
7.12 not limited to the number of new providers,
7.13 the number of additional child care provider
7.14 jobs created, the number of additional child
7.15 care slots, and the amount of cash and in-kind
7.16 local funds invested.

7.17 (m) \$750,000 in fiscal year 2020 is for a grant
7.18 to the Minnesota Initiative Foundations. This
7.19 is a onetime appropriation and is available
7.20 until June 30, 2023. The Minnesota Initiative
7.21 Foundations must use grant funds under this
7.22 section to:

7.23 (1) facilitate planning processes for rural
7.24 communities resulting in a community solution
7.25 action plan that guides decision making to
7.26 sustain and increase the supply of quality child
7.27 care in the region to support economic
7.28 development;

7.29 (2) engage the private sector to invest local
7.30 resources to support the community solution
7.31 action plan and ensure quality child care is a
7.32 vital component of additional regional
7.33 economic development planning processes;

7.34 (3) provide locally based training and technical
7.35 assistance to rural child care business owners

8.1 individually or through a learning cohort.

8.2 Access to financial and business development
8.3 assistance must prepare child care businesses
8.4 for quality engagement and improvement by
8.5 stabilizing operations, leveraging funding from
8.6 other sources, and fostering business acumen
8.7 that allows child care businesses to plan for
8.8 and afford the cost of providing quality child
8.9 care; or

8.10 (4) recruit child care programs to participate
8.11 in Parent Aware, Minnesota's quality and
8.12 improvement rating system, and other high
8.13 quality measurement programs. The Minnesota
8.14 Initiative Foundations must work with local
8.15 partners to provide low-cost training,
8.16 professional development opportunities, and
8.17 continuing education curricula. The Minnesota
8.18 Initiative Foundations must fund, through local
8.19 partners, an enhanced level of coaching to
8.20 rural child care providers to obtain a quality
8.21 rating through Parent Aware or other high
8.22 quality measurement programs.

8.23 (n)(1) \$650,000 each year from the workforce
8.24 development fund is for grants to the
8.25 Neighborhood Development Center for small
8.26 business programs. This is a onetime
8.27 appropriation.

8.28 (2) Of the amount appropriated in the first
8.29 year, \$150,000 is for outreach and training
8.30 activities outside the seven-county
8.31 metropolitan area, as defined in Minnesota
8.32 Statutes, section 473.121, subdivision 2.

8.33 (o) \$8,000,000 each year is for the Minnesota
8.34 job creation fund under Minnesota Statutes,
8.35 section 116J.8748. Of this amount, the

9.1 commissioner of employment and economic
9.2 development may use up to three percent for
9.3 administrative expenses. This appropriation
9.4 is available until expended.

9.5 (p)(1) \$11,970,000 each year is for the
9.6 Minnesota investment fund under Minnesota
9.7 Statutes, section 116J.8731. Of this amount,
9.8 the commissioner of employment and
9.9 economic development may use up to three
9.10 percent for administration and monitoring of
9.11 the program. In fiscal year 2022 and beyond,
9.12 the base amount is \$12,370,000. This
9.13 appropriation is available until expended.

9.14 Notwithstanding Minnesota Statutes, section
9.15 116J.8731, funds appropriated to the
9.16 commissioner for the Minnesota investment
9.17 fund may be used for the redevelopment
9.18 program under Minnesota Statutes, sections
9.19 116J.575 and 116J.5761, at the discretion of
9.20 the commissioner. Grants under this paragraph
9.21 are not subject to the grant amount limitation
9.22 under Minnesota Statutes, section 116J.8731.

9.23 (2) Of the amount appropriated in the first
9.24 year, \$2,000,000 is for a loan to a paper mill
9.25 in Duluth for a retrofit project that will support
9.26 the operation and manufacture of packaging
9.27 paper grades. The company that owns the
9.28 paper mill must spend \$20,000,000 on project
9.29 activities by December 31, 2020, in order to
9.30 be eligible to receive this loan. Loan funds
9.31 may be used for purchases of materials,
9.32 supplies, and equipment for the project and
9.33 are available from July 1, 2019, to July 30,
9.34 2021. The commissioner of employment and
9.35 economic development shall forgive 25

10.1 percent of the loan each year after the second
10.2 year during a five-year period if the mill has
10.3 retained at least 200 full-time equivalent
10.4 employees and has satisfied other performance
10.5 goals and contractual obligations as required
10.6 under Minnesota Statutes, section 116J.8731.

10.7 (q) \$700,000 in fiscal year 2020 is for the
10.8 airport infrastructure renewal (AIR) grant
10.9 program under Minnesota Statutes, section
10.10 116J.439. This appropriation is available until
10.11 June 30, 2022.

10.12 (r) \$100,000 in fiscal year 2020 is for a grant
10.13 to FIRST in Upper Midwest to support
10.14 competitive robotics teams. Funds must be
10.15 used to make up to five awards of no more
10.16 than \$20,000 each to Minnesota-based public
10.17 entities or private nonprofit organizations for
10.18 the creation of competitive robotics hubs.
10.19 Awards may be used for tools, equipment, and
10.20 physical space to be utilized by robotics teams.
10.21 At least 50 percent of grant funds must be used
10.22 outside of the seven-county metropolitan area,
10.23 as defined under Minnesota Statutes, section
10.24 473.121, subdivision 2. The grant recipient
10.25 shall report to the chairs and ranking minority
10.26 members of the legislative committees with
10.27 jurisdiction over jobs and economic growth
10.28 by February 1, 2021, on the status of awards
10.29 and include information on the number and
10.30 amount of awards made, the number of
10.31 customers served, and any outcomes resulting
10.32 from the grant. The grant requires a 50 percent
10.33 match from nonstate sources.

10.34 (s) \$1,000,000 each year is for the Minnesota
10.35 emerging entrepreneur loan program under

11.1 Minnesota Statutes, section 116M.18. Funds
11.2 available under this paragraph are for transfer
11.3 into the emerging entrepreneur program
11.4 special revenue fund account created under
11.5 Minnesota Statutes, chapter 116M, and are
11.6 available until expended. Of this amount, up
11.7 to four percent is for administration and
11.8 monitoring of the program.

11.9 (t) \$163,000 each year is for the Minnesota
11.10 Film and TV Board. The appropriation in each
11.11 year is available only upon receipt by the
11.12 board of \$1 in matching contributions of
11.13 money or in-kind contributions from nonstate
11.14 sources for every \$3 provided by this
11.15 appropriation, except that each year up to
11.16 \$50,000 is available on July 1 even if the
11.17 required matching contribution has not been
11.18 received by that date.

11.19 (u) \$12,000 each year is for a grant to the
11.20 Upper Minnesota Film Office.

11.21 (v) \$500,000 each year is from the general
11.22 fund for a grant to the Minnesota Film and TV
11.23 Board for the film production jobs program
11.24 under Minnesota Statutes, section 116U.26.
11.25 This appropriation is available until June 30,
11.26 2023.

11.27 (w) \$4,195,000 each year is for the Minnesota
11.28 job skills partnership program under
11.29 Minnesota Statutes, sections 116L.01 to
11.30 116L.17. If the appropriation for either year
11.31 is insufficient, the appropriation for the other
11.32 year is available. This appropriation is
11.33 available until expended.

12.1 (x) \$1,350,000 each year is from the
12.2 workforce development fund for jobs training
12.3 grants under Minnesota Statutes, section
12.4 116L.42.

12.5 (y) \$2,500,000 each year is for Launch
12.6 Minnesota. This is a onetime appropriation
12.7 and funds are available until June 30, 2023.
12.8 Of this amount:

12.9 (1) \$1,600,000 each year is for innovation
12.10 grants to eligible Minnesota entrepreneurs or
12.11 start-up businesses to assist with their
12.12 operating needs;

12.13 (2) \$450,000 each year is for administration
12.14 of Launch Minnesota; and

12.15 (3) \$450,000 each year is for grantee activities
12.16 at Launch Minnesota.

12.17 (z) \$500,000 each year is from the workforce
12.18 development fund for a grant to Youthprise
12.19 to give grants through a competitive process
12.20 to community organizations to provide
12.21 economic development services designed to
12.22 enhance long-term economic self-sufficiency
12.23 in communities with concentrated East African
12.24 populations. Such communities include but
12.25 are not limited to Faribault, Rochester, St.
12.26 Cloud, Moorhead, and Willmar. To the extent
12.27 possible, Youthprise must make at least 50
12.28 percent of these grants to organizations serving
12.29 communities located outside the seven-county
12.30 metropolitan area, as defined in Minnesota
12.31 Statutes, section 473.121, subdivision 2. This
12.32 is a onetime appropriation and is available
12.33 until June 30, 2022.

- 13.1 (aa) \$125,000 each year is for a grant to the
- 13.2 Hmong Chamber of Commerce to train
- 13.3 ethnically Southeast Asian business owners
- 13.4 and operators in better business practices. This
- 13.5 is a onetime appropriation.