

M E M O R A N D U M

TO: Omnibus Jobs, Energy and Commerce Policy and Supplemental Appropriations Conferees

**Senator Pratt
Senator Rarick
Senator Dahms
Senator Senjem
Senator Frenz**

**Representative Noor
Representative Ecklund
Representative Long
Representative Stephenson
Representative Swedzinski**

FROM: Economic Development Association of Minnesota (“EDAM”)

RE: Support for DEED Redevelopment Grant Program Supplemental Budget Appropriation

DATE: May 06, 2022

EDAM is a statewide association of over 460 economic development leaders in the public and private sectors – in rural and urban areas – from all corners of the state. We provide training and public policy advocacy for our industry and appreciate your work and commitment to economic development in Minnesota.

EDAM strongly supports the core economic development programs administered by DEED. We are particularly interested in the supplemental funding provision for the Redevelopment Account for \$5 million in fiscal year 2023. This provision is included in the House Workforce and Business Development Omnibus bill, H.F. 4355. We strongly support this funding and believe it’s a critical gap-filling measure as the Redevelopment Account has base funding beginning in 2024 but no funding for 2023. We are grateful to Senate and House Jobs Chairs Pratt and Noor for the base funding starting in 2024 and are hopeful a compromise for 2023 funding can be reached.

The number one priority identified in EDAM’s last member survey was to re-establish consistent funding for the Redevelopment Account. Redevelopment projects produce jobs at three points in time. First, the jobs associated with the removal of dilapidated buildings and infrastructure to prepare a site for redevelopment. Next, construction jobs are created with the development buildings and structures on the recently cleared property. Finally, there are permanent jobs and increased tax base created by the companies who move into these buildings as they commence or expand their business activity. The job creation that results from the Redevelopment Account benefits both the metro and Greater Minnesota (as the grants are distributed equally).

In addition to creating jobs, the return on investment makes this a wise funding provision. The Redevelopment Grant Program helps local communities fill the financial gap that often exists for projects looking to reuse and redevelop existing sites. While the initial investment costs to redevelop a previously used site can seem like a daunting obstacle, the return on investment for these types of Redevelopment

projects is impressive. **Since its creation, the Redevelopment Grant program has distributed over \$75 million in state funds, leveraged well over \$3 billion in private investment, and helped create and retain over 30,000 jobs.**

Lastly, it couldn't be more timely to make this funding consistent by filling the gap in 2023. The most recent round of Redevelopment grants was oversubscribed by \$1,747,643, an amount typical for any given grant cycle.

EDAM strongly supports the \$5 Million in funding for the Redevelopment Account in 2023. This is critical so that communities have consistent and predictable resources to better plan for redevelopment projects. These projects are complex, multi-faceted, and require a lot of time and planning to be successful. Stable, consistent, and reliable funding for the Redevelopment Grant Program will deliver the highest return on investment and effectiveness for our communities.

If you have any questions or want additional information regarding EDAM's position on the Redevelopment Account, please contact Sam Richie at (218) 301-9758 or by email at srichie@fryberger.com.

Sincerely,

A handwritten signature in black ink, appearing to read "S. DiMaggio". The signature is fluid and cursive, with a small flourish at the end.

Samantha DiMaggio
President
Economic Development Association of Minnesota