

Subject COVID-19 Relief

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Overview

This act provides relief to businesses, unemployed workers, and schools in response to the COVID-19 pandemic and the state's efforts to curb its spread. Governor Tim Walz signed this act into law on December 16, 2020.

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Article 1: Business Relief Payments

This article establishes an \$88 million business relief payment program administered by the department of revenue. The relief payments target businesses subject to the recent executive order closing places of public accommodation due to the COVID-19 pandemic. Payments range in size from \$10,000 to \$45,000 depending on the average number of employees an employer had in covered employment over a specific time period.

Section Description – Article 1: Business Relief Payments

1 Business relief payments; appropriation.

Subd. 1. Payment authorized. Requires the commissioner of revenue to make relief payments to businesses, to the extent feasible.

Subd. 2. Definitions. Defines and establishes requirements for the businesses that qualify for the relief payments. A “qualified business” must:

- be registered as of November 1, 2020, to pay unemployment tax;
- be closed to the public due to Executive Order 20-99 closing places of public accommodation;
- have a NAICS code as a brewer, winery, distillery, fitness and recreational sports center, bowling center, specialty food business, drinking place for alcoholic beverages, or restaurant;
- have an active sales tax account as of November 1, 2020, for a physical location in Minnesota;
- have filed all 2019 and 2020 sales tax returns (up to November 1, 2020) or have an open audit or assessment for sales tax due for this time period;
- have experienced at least a 30 percent decline in taxable gross receipts (based on Department of Revenue records) between April 1 and September, 2020, and the same time period in 2019; and
- have taxable gross receipts from retail sales in 2019 over \$10,000.

This section also allows a business with no employees in covered employment to qualify for payments if the business has met all the above requirements other than the NAICS code requirement, provided that the business stated in their sales tax permit application that it was operating under one of the qualifying industry codes.

This section also defines "covered employment" as it is defined in the state's unemployment insurance law.

Subd. 3. Calculation of payment. Creates a payment schedule based on the number of employees in covered employment between November 1, 2019, and January 31, 2020:

Number of employees	Relief payment
0	\$10,000
1 – 20	\$15,000
21 – 100	\$25,000
101 – 300	\$35,000

Section Description – Article 1: Business Relief Payments

More than 300	\$45,000
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This section also clarifies that a business having one federal employer identification number for multiple locations will receive only one payment, and the employment and taxable gross receipts information are aggregated for purposes of calculating the payment.

Subd. 4. Use of information. Applies the tax data, classification, and disclosure rules to the relief payments and authorizes the commissioner of revenue to share return information with the commissioner of employment and economic development to administer the payment program.

Subd. 5. Prohibition against setoff. Prohibits the commissioner of revenue from applying the relief payment to any tax or non-tax debts owed by a qualified business.

Subd. 6. Report to the legislature. Requires the commissioner of revenue to report to the legislative committees on economic development and finance on the relief payments by June 30, 2021.

Subd. 7. Appropriation. Appropriates \$88 million in fiscal year 2021 from the general fund to the commissioner of revenue to make the required relief payments. The appropriation expires on March 15, 2021.

Effective date: This section took effect on December 17, 2020.

Article 2: Regulatory Relief

This article temporarily waives or refunds fees and penalties paid by certain businesses that sell food or alcohol. It also allocates money to the Department of Public Safety and the Metropolitan Council to replace lost fee revenue.

Section Description – Article 2: Regulatory Relief

1 Certain food-related late fees waived; 2021.

Requires the Minnesota Department of Agriculture to waive the late fee if a licensed food retailer, manufacturer, wholesaler, or broker renews their license after the applicable deadline in 2021. These late fees range from less than \$20 to several hundred dollars depending on the license category and size of the food business. Businesses that could benefit from this waiver include grocers, gas stations, home

Section Description – Article 2: Regulatory Relief

- improvement stores, agricultural cooperatives, breweries, wineries, distilleries, food and beverage wholesalers, and food and beverage manufacturers.
- 2 2020 brewer fees refunded; credit.**
Requires the Metropolitan Council to refund the wastewater permit fee paid in 2020 to breweries that produce less than 20,000 barrels per year. Also requires the council to apply a credit up to \$2,000 for strength charges incurred in 2020 to any brewery that falls within the Metropolitan Council Environmental Services Microbrewery Program.
- 3 Certain liquor permit fees waived; 2021.**
Waives the annual caterer’s permit and 2:00 a.m. permit fees in calendar year 2021. The caterer’s permit fee is \$300. In general, the 2:00 a.m. permit fee is based on a licensee’s annual gross receipts and ranges from \$300 to \$1,000.
- 4 Transfer; alcohol enforcement account.**
Unlike the caterer’s permit fees that are deposited into the general fund, the 2:00 a.m. permit fees are dedicated to the alcohol enforcement account in the special revenue fund. This section requires certification and transfer of the amount of the lost 2:00 a.m. fee revenue from the general fund to the alcohol enforcement account, for each of the two fiscal years the fee waiver applies.
- 5 Appropriation; rate stabilization.**
Appropriates \$142,000 from the general fund in fiscal year 2021 to the Metropolitan Council to offset wastewater revenue lost from issuing the refunds and credits to breweries under section 2.
- Effective date: This article took effect on December 17, 2020.

Article 3: Additional Unemployment Insurance Benefits

This article provides up to 13 weeks of special additional unemployment benefits from December 27, 2020, to April 10, 2021, to applicants who have exhausted all available state and federal unemployment benefits.

Section Description – Article 3: Additional Unemployment Insurance Benefits

- 1 Special additional unemployment benefits program.**
Provides up to 13 weeks of special additional unemployment benefits to an applicant who exhausts their regular unemployment benefits, state extended benefits, or federal extended benefits, and who is not receiving any unemployment benefits

Section Description – Article 3: Additional Unemployment Insurance Benefits

under the CARES Act, a federal unemployment benefits program extended or enacted in December 2020 or later, or any other state law. Requires an applicant to meet regular unemployment eligibility requirements under Minnesota Statutes, section 268.069, subdivision 1 to qualify. Makes benefits available from the unemployment insurance trust fund from December 27, 2020, through April 10, 2021. Defines the weekly benefit amount to mean the same as the regular weekly unemployment benefit amount. Benefits paid do not affect the experience rating impacting the tax rates of taxpaying employers and are not charged to reimbursing employers.

Effective date: This section took effect on December 17, 2020.

2 Appropriation.

Provides a \$25 million appropriation from the general fund in fiscal year 2021 to the Department of Employment and Economic Development (DEED) to replenish the Minnesota unemployment insurance trust fund for special additional unemployment benefits paid to workers of reimbursing employers under section 1. This onetime appropriation is effective June 30, 2021, if federal funds are not received for this purpose by that date.

Effective date: This section is effective June 30, 2021.

Article 4: Movie Theater and Convention Center Grants

The article establishes a grant program to provide economic relief to movie theaters and convention centers impacted by Governor’s Executive Order No. 20-99.

Section Description – Article 4: Move Theater and Convention Center Grants

1 Movie theater and convention center grants; appropriation.

Subd. 1. Appropriations. Provides a onetime \$14 million appropriation from the general fund to the Department of Employment and Economic Development (DEED) to make grants to movie theaters and conventions centers. Allows up to \$100,000 of that amount to be used for DEED’s administrative costs.

Subd. 2. Grants. Defines the movie theaters that will qualify for awards as those with at least one permanent indoor auditorium and a minimum of \$15,000 in ticket sales in 2019. Requires that for a convention center to qualify that it have a minimum capacity of 1,500 people, not be part of a hotel, university, or retail mall, and not primarily be a music venue or theater. Both types of businesses must also meet all of the following criteria to be eligible:

Section Description – Article 4: Move Theater and Convention Center Grants

- have experienced at least a 30 percent decline in sales compared to 2019;
- have been directly impacted by Governor’s Executive Order No. 20-99;
- have a physical location in Minnesota; and
- not have any current tax liens on record with the secretary of state.

Qualifying movie theaters will receive a grant of \$15,000 per screen for the first two screens in the theater and an additional \$10,000 for each additional screen, with a maximum grant per theater of \$150,000. Specifies that grant funds must be used for the operating expenses of that theater. Qualifying convention centers will receive a grant of up to \$500,000 in an amount in proportion to the size of the venue and its workforce. Requires that grant funds must be used for the operations and upkeep of that convention center. Provides DEED with exemptions to certain grant making requirements, with those exemptions expiring on March 15, 2021, when any remaining funds expire.

Subd. 3. Report to the legislature. Requires DEED to provide a report detailing the grants to movie theaters and conventions centers to the chairs of the legislative committees with jurisdiction over business development by June 30, 2021.

Effective date: This section took effect on December 17, 2020.

Article 5: County Relief Grants

This article establishes a grant program to provide economic relief through the counties to local businesses and nonprofits impacted by executive orders related to the COVID-19 pandemic.

Section Description – Article 5: County Relief Grants

1 County relief grants to local businesses; appropriation.

Provides a onetime \$114.8 million appropriation from the general fund to the commissioner of management and budget for payments to counties for relief grants to local businesses and nonprofits. Sets the amount of the payment to each county at the greater of: (1) \$256,250; or (2) roughly \$19.25 per capita. Allows 2.5 percent of the payment to be used for a county’s administrative expenses and for a county to contract with a third party to administer their grant program. To be eligible for a grant from the county, requires that a business or nonprofit:

- be located in that county (or on tribal land adjoining it);
- have no current tax liens on record with the secretary of state; and

Section Description – Article 5: County Relief Grants

- have been impacted by an executive order related to the COVID-19 pandemic.

Gives counties discretion to select grant recipients and the amount awarded per grant. Explicitly allows a county to make awards to:

- businesses that received a payment under article 1;
- tribal businesses that voluntarily complied with Governor’s Executive Order No. 20-99; and
- nonprofits, nonprofit arts organizations, nonprofit museums, and nonprofit fitness centers that earn revenue similar to businesses, including but not limited to ticket sales and membership fees.

States that grant funds must be used by the business or nonprofit for operations expenses incurred during the COVID-19 pandemic. Requires all grants to be made by March 15, 2021, when any remaining funds cancel back to the general fund. Exempts counties from certain grant making and contracting requirements, with those exemptions expiring on March 15, 2021. Requires the commissioner of employment and economic development to provide a report detailing grants under this section to the chairs of the legislative committees with jurisdiction over economic development by June 30, 2021.

Effective date: This section took effect on December 17, 2020.

Article 6: K12 Education Free and Reduced-Price Lunch Deadline Extension

This article extends the date by which districts must report their fall enrollment counts from December 15, 2020, to January 4, 2021, and requires that if federal funds become available for this purpose, that the federal funds are substituted for state aid to pay for the costs of this change in school revenue for fiscal year 2022.

Description - Article 6: K12 Education Free and Reduced-Price Lunch Deadline Extension

1 Free and reduced-price lunch application deadline; Fall 2020 count.

Extends the deadline for school districts and charter schools to finish determining a student’s eligibility for free and reduced-price meals for purposes of calculating compensatory revenue for the 2021-2022 school year only, from December 15, 2020, to January 4, 2021. Requires schools to report to the commissioner of education the additional number of qualifying students in the form and manner prescribed by the

Description - Article 6: K12 Education Free and Reduced-Price Lunch Deadline
Section Extension

commissioner. Note: Lengthening the collection period is expected to result in more qualifying applications being approved, and will have a fiscal impact on school district revenue for fiscal year 2022.

Effective date: This section is effective retroactive to October 1, 2020.

2 Federal funds replacement; appropriation.

Requires the state to use federal funds, if available and allowable for such use, to be used to fund the additional compensatory revenue costs associated with the three week extension granted to school districts and charter schools to report to the commissioner of education the number of students who were eligible for free or reduced-price meals on October 1, 2020.

Effective date: This section took effective on December 17, 2020.

Article 7: Federal Funds Replacement

This article directs Minnesota Management and Budget to use federal money, if available, to pay for the new COVID-19 business support programs established in this act. It took effect on December 17, 2020.

Specifically, this article provides that if Minnesota receives additional federal COVID-19 aid during state Fiscal Year 2021, and federal law allows the state to use this aid for the business relief payments under Article 1, the movie theater and convention center grants under Article 4, or the county relief grants under Article 5, Minnesota Management and Budget must use the federal aid for this purpose and the corresponding state general fund appropriation, or portion thereof, is cancelled.



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