

Senator Champion from the Committee on Jobs and Economic Development, to which was referred

S.F. No. 3164: A bill for an act relating to economic development; requiring a report; appropriating money for a grant to Fortis Capital for a revolving loan fund.

Reports the same back with the recommendation that the bill be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2023 Supplement, section 116J.871, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given them.

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (1) financial assistance for rehabilitation of existing housing; (2) financial assistance for new housing construction in which total financial assistance at a single project site is less than \$100,000; or (3) financial assistance for the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units. For purposes of this paragraph, "affordable homeownership" means housing targeted at households with incomes, at initial occupancy, at or below 115 percent of the state or area median income, whichever is greater, as determined by the United States Department of Housing and Urban Development.

(c) "Financial assistance" means (1) a grant awarded by a state agency for economic development related purposes if a single business receives \$200,000 or more of the grant proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives \$500,000 or more of the loan proceeds; ~~or~~ (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes; (4) tax increment financing pursuant to section 469.174, provided that such tax increment financing (i) provides financial assistance to a development that consists, in part or in whole, of 25 units or more of multifamily housing or (ii) provides \$100,000 or more of financial assistance to a development of any number of units of multifamily housing; or (5) allocations of low-income housing credits by all suballocators as defined under section 462A.222, for

which tax credits are used for multifamily housing projects consisting of more than ten units. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 116L.19, subdivision 4, or customized training from a technical college.

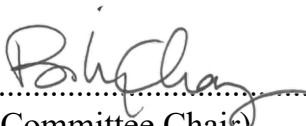
(e) "State agency" means any agency defined under section 16B.01, subdivision 2, Enterprise Minnesota, Inc., and the Iron Range Resources and Rehabilitation Board.

EFFECTIVE DATE. This section is effective for financial assistance provided after August 1, 2024."

Delete the title and insert:

"A bill for an act
relating to economic development; modifying the definition of financial assistance to include certain Tax Increment Financing or allocations of low-income housing credits; amending Minnesota Statutes 2023 Supplement, section 116J.871, subdivision 1."

And when so amended the bill do pass and be re-referred to the Committee on Taxes.
Amendments adopted. Report adopted.


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(Committee Chair)

March 18, 2024.....
(Date of Committee recommendation)