

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

S.F. No. 4027: A bill for an act relating to economic development; modifying the membership of the energy transition advisory committee; amending Minnesota Statutes 2022, section 116J.5492, subdivision 2.

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

Delete everything after the enacting clause and insert:

**"ARTICLE 1
STATE DISLOCATED WORKER PROGRAM**

Section 1. Minnesota Statutes 2023 Supplement, section 116L.17, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran;

(6) is an individual determined by the United States Department of Labor to be covered by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331, as amended; ~~or~~

(7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and due to divorce, separation, death, or disability of that person, must now find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota;

(8) is the spouse of a member of the United States armed forces who is on active duty and who meets at least one of the following: (i) has lost employment as a direct result of relocation to accommodate a permanent change in the service member's duty station; or (ii) is unemployed or underemployed and facing barriers to obtaining or upgrading employment;

(9) is an individual with non-work-related injuries or illnesses who does not have a workers' compensation case but needs support to reenter or remain in the workforce; or

(10) is an adult with a low income, is a recipient of public assistance, or is deficient in basic skills.

For the purposes of this section, "dislocated worker" does not include an individual who was an employee, at the time employment ceased, of a political committee, political fund, principal campaign committee, or party unit, as those terms are used in chapter 10A, or an organization required to file with the federal elections commission.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

3.1 Sec. 2. **REPEALER.**

3.2 Minnesota Statutes 2022, section 116L.17, subdivision 5, is repealed.

3.3 **ARTICLE 2**

3.4 **JOB CREATION FUND**

3.5 Section 1. Minnesota Statutes 2022, section 116J.8748, subdivision 1, is amended to read:

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

3.8 (b) "Agreement" or "business subsidy agreement" means a business subsidy agreement
3.9 under section 116J.994 that must include, but is not limited to: specification of the duration
3.10 of the agreement, job goals and a timeline for achieving those goals over the duration of
3.11 the agreement, construction and other investment goals and a timeline for achieving those
3.12 goals over the duration of the agreement, and the value of benefits the firm may receive
3.13 following achievement of capital investment and employment goals. The local government
3.14 and business must report to the commissioner on the business performance using the forms
3.15 developed by the commissioner.

3.16 (c) "Business" means an individual, corporation, partnership, limited liability company,
3.17 association, or other entity.

3.18 (d) "Capital investment" means money that is expended for the purpose of building or
3.19 improving real fixed property where employees under paragraphs (g) and (h) are or will be
3.20 employed and also includes construction materials, services, and supplies, and the purchase
3.21 and installation of equipment and machinery as provided under subdivision 4, paragraph
3.22 (b), clause (5).

3.23 (e) "Commissioner" means the commissioner of employment and economic development.

3.24 (f) "Minnesota job creation fund business" means a business that is designated by the
3.25 commissioner under subdivision 3.

3.26 (g) "Minority person" means a person belonging to a racial or ethnic minority as defined
3.27 in Code of Federal Regulations, title 49, section 23.5.

3.28 (h) "New full-time equivalent employee" means an employee who:

3.29 (1) begins work at a Minnesota job creation fund business facility noted in a business
3.30 subsidy agreement and following the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually or the equivalent of annualized expected hours of work equal to 2,080 hours of one or more employees.

(i) "Persons with disabilities" means an individual with a disability, as defined under the Americans with Disabilities Act, United States Code, title 42, section 12102.

(j) "Retained job equivalent" means a full-time equivalent position:

(1) that existed at the facility prior to the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually or the equivalent of annualized expected hours of work equal to 2,080 hours of one or more employees.

(k) "Veteran" means a veteran as defined in section 197.447.

(l) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

Sec. 2. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 3, is amended to read:

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

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

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

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

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

(ii) expend at least \$25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 100 full-time equivalent employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, or expend at least \$10,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 50 full-time equivalent employees for projects located outside the metropolitan area;

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

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

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

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

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

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

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

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

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

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

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

(9) any other criteria the commissioner deems necessary.

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

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

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

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

Sec. 3. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 4, is amended to read:

Subd. 4. Certification; benefits. (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a), clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located

outside the metropolitan area may be for up to seven years in length. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed \$500,000;

(2) an award of up to \$500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed \$500,000;

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and 100 new full-time equivalent employees in the metropolitan area as defined in section 200.02, subdivision 24, or at least \$10,000,000 in capital investment and 50 new full-time equivalent employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates and up to \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 100 retained full-time equivalent employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, or at least \$10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained full-time equivalent employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4). Under paragraph (b), clause (4), a job creation award of \$2,000 per full-time equivalent job retained ~~job~~ may be provided one time if the qualified Minnesota job creation fund business meets the minimum capital investment and retained employee requirement as provided in paragraph (b), clause (4), for at least two years.

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least \$500,000 in capital

investment in the project and at least ten full-time equivalent jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time equivalent employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 4. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new full-time equivalent job created and maintained under subdivision 4, paragraph (b), clauses (2) and (3), by the business using the following schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; \$3,000 for each job position paying at least \$45,000 but less than \$55,000; and \$4,000 for each job position paying at least \$55,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside

the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) A qualified Minnesota job creation fund business is eligible for a onetime \$2,000 award for each full-time equivalent job retained and maintained under subdivision 4, paragraph (b), clause (4), provided that each retained job pays total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 150 percent of the federal poverty level for a family of four.

(c) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

(d) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

ARTICLE 3

INNOVATIVE BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE GRANT PROGRAM

Section 1. Minnesota Statutes 2022, section 116J.435, subdivision 3, is amended to read:

Subd. 3. **Grant program established.** (a) The commissioner shall make ~~competitive~~ grants to local governmental units to acquire and prepare land on which public infrastructure required to support an eligible project will be located, ~~including demolition of structures and remediation of any hazardous conditions on the land, or to predesign, design, acquire, and to construct, furnish, and equip public infrastructure required to support an eligible project.~~ The local governmental unit receiving a grant must provide for the remainder of the public infrastructure costs from other sources. ~~The commissioner may waive the requirements related to an eligible project under subdivision 2 if a project would be eligible under this section but for the fact that its location requires infrastructure improvements to residential development.~~

(b) The amount of a grant may not exceed ~~the lesser of the cost of the public infrastructure or 50 percent of the sum of the cost of the public infrastructure plus the cost of the completed eligible project.~~

(c) The purpose of the program is to keep or enhance jobs in the area, increase the tax base, or to expand or create new economic development through the growth of new innovative businesses and organizations.

10.1 Sec. 2. Minnesota Statutes 2022, section 116J.435, subdivision 4, is amended to read:

10.2 Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for
10.3 soliciting and reviewing applications for grants under this section. At a minimum, a local
10.4 governmental unit must include ~~the following information~~ in its application a resolution
10.5 certifying that the money required to be supplied by the local governmental unit to complete
10.6 the public infrastructure project is available and committed. The commissioner must evaluate
10.7 complete applications for eligible projects using the following criteria:

10.8 (1) ~~a resolution of its governing body certifying that the money required to be supplied~~
10.9 ~~by the local governmental unit to complete the public infrastructure is available and~~
10.10 ~~committed~~ the project is an eligible project as defined under subdivision 2;

10.11 (2) ~~a detailed estimate, along with necessary supporting evidence, of the total development~~
10.12 ~~costs for the public infrastructure and eligible project~~ the project is expected to result in or
10.13 will attract substantial public and private capital investment and provide substantial economic
10.14 benefit to the county or city in which the project would be located;

10.15 (3) ~~an assessment of the potential or likely use of the site for innovative business activities~~
10.16 ~~after completion of the public infrastructure and eligible project~~ the project is not relocating
10.17 substantially the same operation from another location in the state, unless the commissioner
10.18 determines the project cannot be reasonably accommodated within the county or city in
10.19 which the business is currently located, or the business would otherwise relocate to another
10.20 state; and

10.21 (4) ~~a timeline indicating the major milestones of the public infrastructure and eligible~~
10.22 ~~project and their anticipated completion dates;~~ the project is expected to create or retain
10.23 full-time jobs.

10.24 (5) ~~a commitment from the governing body to repay the grant if the milestones are not~~
10.25 ~~realized by the completion date identified in clause (4); and~~

10.26 (6) ~~any additional information or material the commissioner prescribes.~~

10.27 (b) The determination of whether to make a grant ~~under subdivision 3~~ for a site is within
10.28 the discretion of the commissioner, subject to this section. The commissioner's decisions
10.29 and application of the ~~priorities~~ criteria are not subject to judicial review, except for abuse
10.30 of discretion.

10.31 Sec. 3. **REPEALER.**

10.32 Minnesota Statutes 2022, section 116J.435, subdivision 5, is repealed.

11.1 **ARTICLE 4**

11.2 **ENERGY TRANSITION ADVISORY COMMITTEE**

11.3 Section 1. Minnesota Statutes 2022, section 116J.5492, subdivision 2, is amended to read:

11.4 Subd. 2. **Membership.** (a) The advisory committee consists of ~~18~~ 19 voting members
11.5 and eight ex officio nonvoting members.

11.6 (b) The voting members of the advisory committee are appointed by the commissioner
11.7 of employment and economic development, except as specified below:

11.8 (1) two members of the senate, one appointed by the majority leader of the senate and
11.9 one appointed by the minority leader of the senate;

11.10 (2) two members of the house of representatives, one appointed by the speaker of the
11.11 house of representatives and one appointed by the minority leader of the house of
11.12 representatives;

11.13 (3) one representative of the Prairie Island Indian community;

11.14 (4) four representatives of impacted communities, of which two must represent counties
11.15 and two must represent municipalities, and, to the extent possible, of the impacted facilities
11.16 in those communities, at least one must be a coal plant, at least one must be a nuclear plant,
11.17 and at least one must be a natural gas plant;

11.18 (5) three representatives of impacted workers at impacted facilities;

11.19 (6) one representative of impacted workers employed by companies that, under contract,
11.20 regularly perform construction, maintenance, or repair work at an impacted facility;

11.21 (7) one representative with professional economic development or workforce retraining
11.22 experience;

11.23 (8) two representatives of utilities that operate an impacted facility;

11.24 (9) one representative from a nonprofit organization with expertise and experience
11.25 delivering energy efficiency and conservation programs; ~~and~~

11.26 (10) one representative of a school district facing revenue loss due to energy transition;
11.27 and

11.28 ~~(10)~~ (11) one representative from the Coalition of Utility Cities.

11.29 (c) The ex officio nonvoting members of the advisory committee consist of:

11.30 (1) the governor or the governor's designee;

- 12.1 (2) the commissioner of employment and economic development or the commissioner's
12.2 designee;
- 12.3 (3) the commissioner of commerce or the commissioner's designee;
- 12.4 (4) the commissioner of labor and industry or the commissioner's designee;
- 12.5 (5) the commissioner of revenue or the commissioner's designee;
- 12.6 (6) the executive secretary of the Public Utilities Commission or the secretary's designee;
- 12.7 (7) the commissioner of the Pollution Control Agency or the commissioner's designee;
- 12.8 and
- 12.9 (8) the chancellor of the Minnesota State Colleges and Universities or the chancellor's
12.10 designee.

12.11 **ARTICLE 5**
12.12 **TECHNICAL CHANGES**

12.13 Section 1. Laws 2023, chapter 53, article 15, section 32, subdivision 6, is amended to
12.14 read:

12.15 Subd. 6. **Administrative costs.** The commissioner of employment and economic
12.16 development may use up to one percent of the appropriation made for this section for
12.17 administrative expenses of the department. The Northland Foundation may use up to five
12.18 percent of the appropriation made for this section for administrative expenses.

12.19 Sec. 2. **LAUNCH MINNESOTA 2023 APPROPRIATION.**

12.20 The appropriation for Launch Minnesota in Laws 2023, chapter 53, article 20, section
12.21 2, subdivision 2, paragraph (c), is available until June 30, 2027.

12.22 **ARTICLE 6**
12.23 **SMALL BUSINESS PROGRAM MODIFICATIONS**

12.24 Section 1. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 1, is
12.25 amended to read:

12.26 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this
12.27 subdivision have the meanings given.

12.28 (b) "Commissioner" means the commissioner of employment and economic development.

12.29 (c) "Partner organizations" or "partners" means:

13.1 (1) nonprofit organizations or public entities, including higher education institutions,
13.2 engaged in business development or economic development;

13.3 (2) community development financial institutions; ~~or~~

13.4 (3) community development corporations; and

13.5 (4) Tribal economic development entities.

13.6 (d) "Small business" has the meaning given in section 3 of the Small Business Act,
13.7 United States Code, title 15, section 632.

13.8 (e) "Underserved populations and geographies" means individuals who are Black,
13.9 Indigenous, people of color, veterans, people with disabilities, people who are LGBTQ+,
13.10 and low-income individuals and includes people from rural Minnesota.

13.11 Sec. 2. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 3, is amended
13.12 to read:

13.13 Subd. 3. **Small business assistance partnerships grants.** (a) The commissioner shall
13.14 make small business assistance partnerships grants to local and regional community-based
13.15 organizations to provide small business development and technical assistance services to
13.16 entrepreneurs and small business owners. The commissioner must prioritize applications
13.17 that provide services to underserved populations and geographies.

13.18 (b) Grantees shall use the grant funds to provide high-quality, free ~~or low-cost~~
13.19 professional business development and technical assistance services that support the start-up,
13.20 growth, and success of Minnesota's entrepreneurs and small business owners.

13.21 (c) Grantees may use up to 15 percent of grant funds for expenses incurred while
13.22 administering the grant, including but not limited to expenses related to technology, utilities,
13.23 legal services, training, accounting, insurance, financial management, benefits, reporting,
13.24 servicing of loans, and audits.

13.25 Sec. 3. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 4, is amended
13.26 to read:

13.27 Subd. 4. **Report.** (a) By January 31 of each year, partner organizations participating in
13.28 the program must provide a report to the commissioner on the outcomes of the program,
13.29 including but not limited to the number of entrepreneurs and small businesses served, number
13.30 of hours of business assistance services provided, number of new businesses started, number

14.1 of full-time equivalent jobs created and retained, and demographic and geographic details
14.2 of the individuals being served.

14.3 (b) By February 15 of each year, the commissioner must provide a report compiling the
14.4 information received from the partner organizations under paragraph (a) to the chairs and
14.5 ranking minority members of the legislative committees with jurisdiction over workforce
14.6 development. The report must also specify any partner organization that failed to provide
14.7 the information required under paragraph (a).

14.8 Sec. 3. Minnesota Statutes 2023 Supplement, section 116J.8733, is amended to read:

14.9 **116J.8733 MINNESOTA EXPANDING OPPORTUNITY FUND PROGRAM.**

14.10 Subdivision 1. **Establishment.** The Minnesota Expanding Opportunity Fund Program
14.11 is established to capitalize Minnesota nonprofit corporations, Tribal economic development
14.12 entities, and community development financial institutions to increase lending activities
14.13 with Minnesota small businesses.

14.14 Subd. 2. **Long-term loans.** The department may make long-term loans of ten to 12 years
14.15 at 0.5 percent or lower interest rates to nonprofit corporations, Tribal economic development
14.16 entities, and community development financial institutions to enable nonprofit corporations,
14.17 Tribal economic development entities, and community development financial institutions
14.18 to make more loans to Minnesota small businesses. The department may use the interest
14.19 received to offset the cost of administering small business lending programs.

14.20 Subd. 3. **Loan eligibility; ~~nonprofit corporation.~~** (a) The eligible nonprofit corporation,
14.21 Tribal economic development entity, or community development financial institution must
14.22 not meet the definition of recipient under section 116J.993, subdivision 6.

14.23 (b) The commissioner may enter into loan agreements with Minnesota nonprofit
14.24 corporations, Tribal economic development entities, and community development financial
14.25 institutions that apply to participate in the Minnesota Expanding Opportunity Fund Program.
14.26 The commissioner shall evaluate applications from applicant nonprofit corporations, Tribal
14.27 economic development entities, and community development financial institutions. In
14.28 evaluating applications, the department must consider, among other things, whether the
14.29 nonprofit corporation, Tribal economic development entity, or community development
14.30 financial institution:

14.31 (1) meets the statutory definition of a community development financial institution as
14.32 defined in section 103 of the Riegle Community Development and Regulatory Improvement
14.33 Act of 1994, United States Code, title 12, section 4702;

15.1 (2) has a board of directors or loan or credit committee that includes citizens experienced
15.2 in small business services and community development;

15.3 (3) has the technical skills to analyze small business loan requests;

15.4 (4) is familiar with other available public and private funding sources and economic
15.5 development programs;

15.6 (5) is enrolled in one or more eligible federally funded state programs; and

15.7 (6) has the administrative capacity to manage a loan portfolio.

15.8 Subd. 4. **Revolving loan fund.** (a) The commissioner shall establish a revolving loan
15.9 fund to make loans to nonprofit corporations, Tribal economic development entities, and
15.10 community development financial institutions for the purpose of increasing nonprofit
15.11 corporation, Tribal economic development entity, and community development financial
15.12 institution capital and lending activities with Minnesota small businesses.

15.13 (b) Nonprofit corporations, Tribal economic development entities, and community
15.14 development financial institutions that receive loans from the commissioner under the
15.15 program must establish appropriate accounting practices for the purpose of tracking eligible
15.16 loans.

15.17 Subd. 5. **Loan portfolio administration.** (a) The fee or interest rate charged by a
15.18 nonprofit corporation, Tribal economic development entity, or community development
15.19 financial institution for a loan under this subdivision must not exceed the Wall Street Journal
15.20 prime rate plus two percent. A nonprofit corporation, Tribal economic development entity,
15.21 or community development financial institution participating in the Minnesota Expanding
15.22 Opportunity Fund Program may charge a loan closing fee equal to or less than two percent
15.23 of the loan value.

15.24 (b) The nonprofit corporation, Tribal economic development entity, or community
15.25 development financial institution may retain all earnings from fees and interest from loans
15.26 to small businesses.

15.27 (c) The department must provide the nonprofit corporation, Tribal economic development
15.28 entity, or community development financial institution making the loan with a fee equal to
15.29 one percent of the loan value for every loan closed to offset related expenses for loan
15.30 processing, loan servicing, legal filings, and reporting.

15.31 Subd. 6. **Cooperation.** A nonprofit corporation, Tribal economic development entity,
15.32 or community development financial institution that receives a program loan shall cooperate

with other organizations, including but not limited to community development corporations, community action agencies, and the Minnesota small business development centers.

Subd. 7. **Reporting requirements.** (a) A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan must submit an annual report to the commissioner by February 15 of each year that includes:

(1) the number of businesses to which a loan was made;

(2) a description of businesses supported by the program;

(3) demographic information, as specified by the commissioner, regarding each borrower;

(4) an account of loans made during the calendar year;

(5) the program's impact on job creation and retention;

(6) the source and amount of money collected and distributed by the program;

(7) the program's assets and liabilities; and

(8) an explanation of administrative expenses.

(b) A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan must provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

Sec. 4. Minnesota Statutes 2022, section 116M.18, is amended to read:

116M.18 MINNESOTA EMERGING ENTREPRENEUR PROGRAM.

Subdivision 1. **Establishment.** The Minnesota emerging entrepreneur program is established to award grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities.

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan area as in the nonmetropolitan area. After March 31 of each fiscal year, the department may allow loans to be made anywhere in the state without regard to geographic area.

Subd. 1b. **Grants.** The department shall make grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities to encourage private investment, to provide jobs for minority and low-income persons, to create and strengthen minority business enterprises, and to promote economic development in a low-income area.

Subd. 2. **Grant eligibility; nonprofit corporation.** (a) The department may enter into agreements with nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans the nonprofit corporation, Tribal economic development entity, or community development financial institution makes to businesses owned by minority or low-income persons, women, veterans, or people with disabilities. The department shall evaluate applications from nonprofit corporations, Tribal economic development entities, and community development financial institutions. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation, Tribal economic development entity, or community development financial institution:

(1) has a board of directors that includes citizens experienced in business and community development, minority business enterprises, addressing racial income disparities, and creating jobs for low-income and minority persons;

(2) has the technical skills to analyze projects;

(3) is familiar with other available public and private funding sources and economic development programs;

(4) can initiate and implement economic development projects;

(5) can establish and administer a revolving loan account or has operated a revolving loan account;

(6) can work with job referral networks which assist minority and low-income persons; and

(7) has established relationships with minority communities.

(b) The department shall review existing agreements with nonprofit corporations, Tribal economic development entities, and community development financial institutions every five years and may renew or terminate the agreement based on the review. In making its review, the department shall consider, among other criteria, the criteria in paragraph (a). The department shall open the program to new applicants every two years.

18.1 Subd. 3. **Revolving loan fund.** (a) The department shall establish a revolving loan fund
18.2 to make grants to nonprofit corporations, Tribal economic development entities, and
18.3 community development financial institutions for the purpose of making loans to businesses
18.4 owned by minority or low-income persons, women, veterans, or people with disabilities,
18.5 and to support minority business enterprises and job creation for minority and low-income
18.6 persons.

18.7 (b) Nonprofit corporations, Tribal economic development entities, and community
18.8 development financial institutions that receive grants from the department under the program
18.9 must establish a commissioner-certified revolving loan fund for the purpose of making
18.10 eligible loans.

18.11 (c) Eligible business enterprises include, but are not limited to, technologically innovative
18.12 industries, value-added manufacturing, and information industries.

18.13 (d) Loan applications given preliminary approval by the nonprofit corporation, Tribal
18.14 economic development entity, or community development financial institution must be
18.15 forwarded to the department for approval. ~~The commissioner must give final approval for~~
18.16 ~~each loan made by the nonprofit corporation.~~ Nonprofit corporations, Tribal economic
18.17 development entities, and community development financial institutions designated as
18.18 preferred partners do not need final approval by the commissioner. All other loans must be
18.19 approved by the commissioner and the commissioner must make approval decisions within
18.20 20 days of receiving a loan application unless the application contains insufficient information
18.21 to make an approval decision. The amount of the state funds contributed to any loan may
18.22 not exceed 50 percent of each loan. The commissioner must develop the criteria necessary
18.23 to receive loan forgiveness.

18.24 Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made
18.25 by nonprofit corporations, Tribal economic development entities, and community
18.26 development financial institutions under the program.

18.27 (b) Loans must be made to businesses that are not likely to undertake a project for which
18.28 loans are sought without assistance from the program.

18.29 (c) A loan must be used to support a business owned by a minority or a low-income
18.30 person, woman, veteran, or a person with disabilities. Priority must be given for loans to
18.31 the lowest income areas.

18.32 (d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

19.1 (e) The state contribution must be matched by at least an equal amount of new private
19.2 investment.

19.3 (f) A loan may not be used for a retail development project.

19.4 (g) The business must agree to work with job referral networks that focus on minority
19.5 and low-income applicants.

19.6 (h) Up to ten percent of a loan's principal amount may be forgiven if ~~the department~~
19.7 ~~approves and~~ the borrower has met lender and agency criteria, including being current with
19.8 all payments, for at least two years. The commissioner must develop the criteria for receiving
19.9 loan forgiveness.

19.10 Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise
19.11 loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans
19.12 are subject to this section except that:

19.13 (1) they may also be made to qualified retail businesses;

19.14 (2) they may be made for a minimum of \$5,000 and a maximum of ~~\$35,000~~ \$40,000;

19.15 (3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum
19.16 of ~~\$50,000~~ \$55,000; and

19.17 (4) they do not require a match.

19.18 (b) Up to ten percent of a loan's principal amount may be forgiven if ~~the department~~
19.19 ~~approves and~~ the borrower has met ~~lender~~ criteria developed by the lender and the
19.20 commissioner, including being current with all payments, for at least two years.

19.21 Subd. 5. **Revolving fund administration.** (a) The department shall establish a minimum
19.22 interest rate or fee for loans or guarantees to ensure that necessary loan administration costs
19.23 are covered. The interest rate charged by a nonprofit corporation, Tribal economic
19.24 development entity, or community development financial institution for a loan under this
19.25 subdivision must not exceed the Wall Street Journal prime rate plus ~~four~~ two percent, with
19.26 a maximum rate of ten percent. For a loan under this subdivision, the nonprofit corporation,
19.27 Tribal economic development entity, or community development financial institution may
19.28 charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit
19.29 corporation, Tribal economic development entity, or community development financial
19.30 institution may retain the amount of the origination fee.

19.31 (b) Loan repayment of principal must be paid to the department for deposit in the
19.32 revolving loan fund. Loan interest payments must be deposited in a revolving loan fund

20.1 created by the nonprofit corporation, Tribal economic development entity, or community
20.2 development financial institution originating the loan being repaid for further distribution
20.3 or use, consistent with the criteria of this section.

20.4 (c) Administrative expenses of the nonprofit corporations, Tribal economic development
20.5 entities, and community development financial institutions with whom the department enters
20.6 into agreements, including expenses incurred by a nonprofit corporation, Tribal economic
20.7 development entity, or community development financial institution in providing financial,
20.8 technical, managerial, and marketing assistance to a business enterprise receiving a loan
20.9 under subdivision 4, may be paid out of the interest earned on loans and out of interest
20.10 earned on money invested by the state Board of Investment under section 116M.16,
20.11 subdivision 2, as may be provided by the department.

20.12 (d) The department must provide the nonprofit corporation, Tribal economic development
20.13 entity, or community development financial institution making the loan with a fee equal to
20.14 one percent of the loan value for every loan closed to offset related expenses for loan
20.15 processing, loan servicing, legal filings, and reporting.

20.16 Subd. 7. **Cooperation.** A nonprofit corporation, Tribal economic development entity,
20.17 or community development financial institution that receives a program grant shall cooperate
20.18 with other organizations, including but not limited to, community development corporations,
20.19 community action agencies, and the Minnesota small business development centers.

20.20 Subd. 8. **Reporting requirements.** (a) A nonprofit corporation, Tribal economic
20.21 development entity, or community development financial institution that receives a program
20.22 grant shall:

20.23 (1) submit an annual report to the department by February 15 of each year that includes
20.24 a description of businesses supported by the grant program, an account of loans made during
20.25 the calendar year, the program's impact on minority business enterprises and job creation
20.26 for minority persons and low-income persons, the source and amount of money collected
20.27 and distributed by the program, the program's assets and liabilities, and an explanation of
20.28 administrative expenses; and

20.29 (2) provide for an independent annual audit to be performed in accordance with generally
20.30 accepted accounting practices and auditing standards and submit a copy of each annual
20.31 audit report to the department.

20.32 (b) By March 1 of each year, the commissioner must provide a report compiling the
20.33 information received from nonprofit corporations, Tribal economic development entities,
20.34 and community development financial institutions under paragraph (a) to the chairs and

21.1 ranking minority members of the legislative committees with jurisdiction over workforce
21.2 development. The report must also specify any nonprofit corporations, Tribal economic
21.3 development entities, or community development financial institutions that failed to provide
21.4 the information required under paragraph (a).

21.5 Subd. 9. **Small business emergency loan account.** The small business emergency loan
21.6 account is created as an account in the special revenue fund.

21.7 Sec. 5. Laws 2023, chapter 53, article 15, section 33, subdivision 4, is amended to read:

21.8 Subd. 4. **Loans to community businesses.** (a) A partner organization that receives a
21.9 grant under subdivision 3 shall establish a plan for making low-interest loans to community
21.10 businesses. The plan requires approval by the commissioner.

21.11 (b) Under the plan:

21.12 (1) the state contribution to each loan shall be no less than \$50,000 and no more than
21.13 \$500,000;

21.14 (2) loans shall be made for projects that are unlikely to be undertaken unless a loan is
21.15 received under the program;

21.16 (3) priority shall be given to loans to businesses in the lowest income areas;

21.17 (4) the fee or interest rate on a loan shall not be higher than ~~the Wall Street Journal prime~~
21.18 a rate of ten percent;

21.19 (5) 50 percent of all repayments of principal on a loan under the program shall be used
21.20 to fund additional related lending. The partner organization may retain the remainder of
21.21 loan repayments to service loans and provide further technical assistance;

21.22 (6) the partner organization may charge a loan origination fee of no more than one
21.23 percent of the loan value and may retain that origination fee; ~~and~~

21.24 (7) a partner organization may not make a loan to a project in which it has an ownership
21.25 interest; and

21.26 (8) up to 15 percent of a loan's principal amount may be forgiven by the partner
21.27 organization if the borrower has met all lending criteria developed by the partner organization
21.28 and the commissioner, including creating or retaining jobs and being current with all loan
21.29 payments, for at least two years.

22.1 Sec. 6. Laws 2023, chapter 53, article 15, section 33, subdivision 5, is amended to read:

22.2 Subd. 5. **Reports.** (a) The partner organization shall submit a report to the commissioner
22.3 by ~~January~~ December 31 of 2024, 2025, and 2026. The report shall include:

22.4 (1) an account of all loans made through the program the preceding calendar year and
22.5 the impact of those loans on community businesses and job creation for targeted groups;

22.6 (2) information on the source and amount of money collected and distributed under the
22.7 program, its assets and liabilities, and an explanation of administrative expenses; and

22.8 (3) an independent audit of grant funds performed in accordance with generally accepted
22.9 accounting practices and auditing standards.

22.10 (b) By February 15 of ~~2024~~, 2025, ~~and 2026~~, and 2027, the commissioner shall submit
22.11 a report to the chairs and ranking minority members of the legislative committees with
22.12 jurisdiction over workforce and economic development on program outcomes, including
22.13 copies of all reports received under paragraph (a).

22.14 ARTICLE 7

22.15 INDEPENDENT LIVING SERVICES

22.16 Section 1. Minnesota Statutes 2022, section 268A.11, is amended to read:

22.17 **268A.11 INDEPENDENT LIVING SERVICES.**

22.18 Subdivision 1. **Purposes and services.** The purposes of independent living services and
22.19 the services that are to be provided are those that are consistent with Code of Federal
22.20 Regulations, title ~~34, parts 365 to 367~~ 45, part 1329.

22.21 Subd. 2. **Administration.** This section shall be administered by the Department of
22.22 Employment and Economic Development through the Vocational Rehabilitation Services
22.23 Program. The department may employ staff as reasonably required to administer this section
22.24 and may accept and receive funds from nonstate sources for the purpose of effectuating this
22.25 section.

22.26 Subd. 3. **Certification.** No applicant Center for Independent Living may receive funding
22.27 under this section unless it has received certification from the Vocational Rehabilitation
22.28 Services Program.

22.29 The Vocational Rehabilitation Services Program shall review the programs of Centers
22.30 for Independent Living receiving funds ~~from under~~ this section to determine ~~their adherence~~
22.31 ~~to compliance with the standards adopted by rule and if the standards are substantially met~~

23.1 defined in section 725(b) and assurances in section 725(c) of the Rehabilitation Act of 1973,
23.2 and, if fulfilled, shall issue appropriate certifications.

23.3 Subd. 4. **Application of Centers for Independent Living.** The Vocational Rehabilitation
23.4 Services Program shall require Centers for Independent Living to complete application
23.5 forms, expenditure reports, and proposed plans and budgets. These reports must be in the
23.6 manner and on the form prescribed by the Vocational Rehabilitation Services Program.
23.7 When applying, the Center for Independent Living shall agree to provide reports and records;
23.8 and make available records for audit as may be required by the Vocational Rehabilitation
23.9 Services Program.

23.10 The applicant Center for Independent Living shall be notified in writing by the Vocational
23.11 Rehabilitation Services Program concerning the approval of budgets and plans.

23.12 ARTICLE 8

23.13 PUBLIC FACILITIES AUTHORITY

23.14 Section 1. Minnesota Statutes 2022, section 446A.072, subdivision 5a, is amended to read:

23.15 Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant
23.16 funding from the USDA/RECD, the authority may provide assistance in the form of a grant
23.17 of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental
23.18 unit may not receive a grant under this paragraph for more than ~~\$5,000,000~~ \$10,000,000
23.19 per project or \$20,000 per existing connection, whichever is less, unless specifically approved
23.20 by law.

23.21 (b) For a governmental unit receiving a loan from the clean water revolving fund under
23.22 section 446A.07, the authority may provide assistance under this section in the form of a
23.23 grant if the average annual residential wastewater system cost after completion of the project
23.24 would otherwise exceed 1.4 percent of the median household income of the project service
23.25 area. In determining whether the average annual residential wastewater system cost would
23.26 exceed 1.4 percent, the authority must consider the total costs associated with building,
23.27 operating, and maintaining the wastewater system, including existing wastewater debt
23.28 service, debt service on the eligible project cost, and operation and maintenance costs. Debt
23.29 service costs for the proposed project are calculated based on the maximum loan term
23.30 permitted for the clean water revolving fund loan under section 446A.07, subdivision 7.
23.31 The amount of the grant is equal to 80 percent of the amount needed to reduce the average
23.32 annual residential wastewater system cost to 1.4 percent of median household income in
23.33 the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000

per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(c) For a governmental unit receiving a loan from the drinking water revolving fund under section 446A.081, the authority may provide assistance under this section in the form of a grant if the average annual residential drinking water system cost after completion of the project would otherwise exceed 1.2 percent of the median household income of the project service area. In determining whether the average annual residential drinking water system cost would exceed 1.2 percent, the authority must consider the total costs associated with building, operating, and maintaining the drinking water system, including existing drinking water debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the drinking water revolving fund loan under section 446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential drinking water system cost to 1.2 percent of median household income in the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(d) Notwithstanding the limits in paragraphs (a), (b), and (c), for a governmental unit receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the governmental unit's construction and installation costs are significantly increased due to geological conditions of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the maximum award under this section shall not be more than \$25,000 per existing connection.

Sec. 2. Minnesota Statutes 2022, section 446A.073, subdivision 1, is amended to read:

Subdivision 1. **Program established.** When money is appropriated for grants under this program, the authority shall award grants up to a maximum of ~~\$7,000,000~~ \$12,000,000 to governmental units to cover 80 percent of the cost of water infrastructure projects made necessary by:

25.1 (1) a wasteload reduction prescribed under a total maximum daily load plan required by
25.2 section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

25.3 (2) a phosphorus concentration or mass limit which requires discharging one milligram
25.4 per liter or less at permitted design flow which is incorporated into a permit issued by the
25.5 Pollution Control Agency;

25.6 (3) any other water quality-based effluent limit established under section 115.03,
25.7 subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution
25.8 Control Agency that exceeds secondary treatment limits; or

25.9 (4) a total nitrogen concentration or mass limit that requires discharging ten milligrams
25.10 per liter or less at permitted design flow."

25.11 Delete the title and insert:

25.12 "A bill for an act

25.13 relating to economic development; making policy and technical changes to
25.14 programs under the Department of Employment and Economic Development;
25.15 requiring reports; amending Minnesota Statutes 2022, sections 116J.435,
25.16 subdivisions 3, 4; 116J.5492, subdivision 2; 116J.8748, subdivision 1; 116M.18;
25.17 268A.11; 446A.072, subdivision 5a; 446A.073, subdivision 1; Minnesota Statutes
25.18 2023 Supplement, sections 116J.682, subdivisions 1, 3, 4; 116J.8733; 116J.8748,
25.19 subdivisions 3, 4, 6; 116L.17, subdivision 1; Laws 2023, chapter 53, article 15,
25.20 sections 32, subdivision 6; 33, subdivisions 4, 5; repealing Minnesota Statutes
25.21 2022, sections 116J.435, subdivision 5; 116L.17, subdivision 5."

25.22 And when so amended the bill do pass. Amendments adopted. Report adopted.

25.23 
25.24 (Committee Chair)

25.25 March 20, 2024.....
25.26 (Date of Committee recommendation)