

SENATE
STATE OF MINNESOTA
NINETY-FOURTH SESSION

S.F. No. 227

(SENATE AUTHORS: DRAHEIM and Pha)		
DATE	D-PG	OFFICIAL STATUS
01/16/2025	96	Introduction and first reading
		Referred to Jobs and Economic Development
02/24/2025	491	Author added Pha

1.1

A bill for an act

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relating to economic development; creating the tax-stressed cities demolition grant

1.3

program; creating an account in the special revenue fund; requiring reports;

1.4

appropriating money; proposing coding for new law in Minnesota Statutes, chapter

1.5

116J.

1.6

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

1.7

Section 1. [116J.579] TAX-STRESSED CITIES DEMOLITION GRANT PROGRAM.

1.8

Subdivision 1. Definitions. (a) The definitions in section 116J.572 apply to this section

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and the terms defined in this subdivision have the meanings given.

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

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(c) "Qualifying property" means a property located in a tax-stressed city where:

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(1) all structures on the property have been vacant for at least one year before the date

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of application;

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(2) the structures on the property constitute a threat to public safety because of inadequate

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maintenance, dilapidation, obsolescence, or abandonment; and

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(3) none of the structures on the property are listed on the National Register of Historic

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Places.

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(d) "Tax-stressed city" means a statutory or home rule charter city with a net tax capacity

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tax rate, as defined in section 275.08, subdivision 1b, paragraph (a), greater than or equal

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to 125 percent for taxes payable in the previous calendar year.

2.1 Subd. 2. **Establishment.** The commissioner shall establish a tax-stressed cities demolition
2.2 grant program to provide grants for 50 percent of the demolition costs for qualifying
2.3 properties located in tax-stressed cities.

2.4 Subd. 3. **Applications.** (a) To obtain a grant under this section, a development authority
2.5 shall apply to the commissioner. The governing body of the municipality must approve the
2.6 application by resolution.

2.7 (b) The commissioner shall prescribe and provide the application form. The application
2.8 must include at least the following information:

2.9 (1) identification of the site;

2.10 (2) a detailed estimate of the cost of demolishing the site;

2.11 (3) the manner in which the municipality shall pay for the remaining 50 percent of the
2.12 demolition costs from nonstate sources;

2.13 (4) evidence that the site is a qualifying property, as defined in subdivision 1;

2.14 (5) evidence that the municipality where the site is located has a financial need for
2.15 assistance with the demolition costs; and

2.16 (6) any additional information or materials the commissioner prescribes.

2.17 Subd. 4. **Priority for grants.** The commissioner shall select applications to receive
2.18 grants based on consideration of:

2.19 (1) the financial need of the applicant for assistance with the demolition costs; and

2.20 (2) the degree of threat to public safety posed by the vacant structures on the site.

2.21 Subd. 5. **Creation of account.** A tax-stressed cities demolition grant program account
2.22 is created in the special revenue fund in the state treasury. Money in the account is
2.23 appropriated to the commissioner for grants as provided in this section, including the
2.24 commissioner's administrative costs to make such grants, and must be expended only as
2.25 provided in this section. Money in the account is available until spent and annual
2.26 administrative costs shall equal no more than five percent of the annual appropriation to
2.27 the account.

2.28 Subd. 6. **Reports to legislature.** By January 15, 2026, and each January 15 thereafter,
2.29 the commissioner must submit a report to the chairs and ranking minority members of the
2.30 legislative committees having jurisdiction over economic development that details the use
2.31 of grant funds.

3.1 Sec. 2. **TAX-STRESSED CITIES DEMOLITION GRANT PROGRAM;**
3.2 **APPROPRIATION.**

3.3 \$2,246,000 in fiscal year 2026 and \$2,246,000 in fiscal year 2027 are appropriated from
3.4 the general fund to the commissioner of employment and economic development for deposit
3.5 in the tax-stressed cities demolition grant program account under Minnesota Statutes, section
3.6 116J.579.