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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3497

02/18/2020 Authored by Brand, Urdahl, Poppe, Wolgamott, Schomacker and others
The bill was read for the first time and referred to the Capital Investment Division

1.1 A bill for an act
1.2 relating to capital investment; appropriating money for and establishing the greater
1.3 Minnesota child care facility capital grant program; authorizing the sale and
1.4 issuance of state bonds; proposing coding for new law in Minnesota Statutes,
1.5 chapter 116J.

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

1.7 Section 1. [116J.417] GREATER MINNESOTA CHILD CARE FACILITY CAPITAL
1.8 GRANT PROGRAM.

1.9 Subdivision 1. Purpose. The purpose of the greater Minnesota child care facility capital
1.10 grant program established in this section is to keep or enhance jobs, increase the tax base,
1.11 or expand or create new economic development in the area in which the grants are made
1.12 by providing facilities for the child care necessary to support workers and their families.

1.13 Subd. 2. Creation of accounts. Two greater Minnesota child care facility capital grant
1.14 accounts are created. One account is created in the general fund and one in the bond proceeds
1.15 fund. Money in the accounts is appropriated to the commissioner to make grants under this
1.16 section. Money appropriated to the greater Minnesota child care facility capital grant accounts
1.17 is available until encumbered or spent subject to section 16A.642.

1.18 Subd. 3. Eligible applicant. (a) A city, county, or school district, or a joint powers board
1.19 established by two or more cities, counties, or school districts is eligible to apply for and
1.20 receive a grant from either greater Minnesota child care facility capital grant account
1.21 established in this section.

2.1 (b) A private child care provider licensed as a child care center or to provide in-home  
2.2 family child care is eligible to apply for and receive a grant from the greater Minnesota  
2.3 child care facility capital grant account in the general fund.

2.4 (c) An applicant must be located outside of the metropolitan area as defined in section  
2.5 473.121, subdivision 2.

2.6 Subd. 4. **Local government authority.** A city, county, or school district may own a  
2.7 child care facility and operate a child care facility program that meets the requirements for  
2.8 state licensing under Minnesota Rules, chapter 9503. A city, county, or school district may  
2.9 enter into a lease or management agreement with one or more licensed child care providers  
2.10 to operate a child care program in a facility owned by the city, county, or school district. A  
2.11 lease or management agreement for state bond-financed property is subject to section  
2.12 16A.695.

2.13 Subd. 5. **Eligible project.** (a) A grant may be used to acquire land or interest in land,  
2.14 predesign, design, renovate, construct, furnish, and equip facilities in which to provide child  
2.15 care or for other child care facility improvements that support the purposes for which this  
2.16 grant program is established. Money from the account in the general fund may also be used  
2.17 to upgrade or expand existing nonprofit child care facilities for purposes of meeting state  
2.18 requirements.

2.19 (b) All projects must increase child care capacity in the community that is served by the  
2.20 provider, and meet all state requirements for child care facilities or programs.

2.21 Subd. 6. **Grants.** (a) The commissioner shall make grants to eligible applicants to provide  
2.22 up to 50 percent of the capital costs of eligible child care facility capital projects. An eligible  
2.23 applicant receiving a grant must provide for the remainder of the costs of the project, either  
2.24 in cash or in kind. In-kind contributions may include the cost of project elements made  
2.25 before or after the grant award is made.

2.26 (b) The commissioner may also distribute money provided by this section through a  
2.27 regional organization within the meaning of section 15.75 to provide grants to eligible  
2.28 applicants based on the manner of application and criteria established by the commissioner.

2.29 (c) If the commissioner awards a grant for less than 50 percent of the project cost, the  
2.30 commissioner must provide the applicant and the chairs and ranking minority members of  
2.31 the senate and house of representatives committees with jurisdiction over economic  
2.32 development finance a written explanation for awarding less than 50 percent.

3.1 Subd. 7. **Application; criteria.** The commissioner must develop forms and procedures  
3.2 for soliciting and reviewing applications for grants under this section. An applicant shall  
3.3 apply for a grant in the manner and at the times the commissioner shall determine. At a  
3.4 minimum, an application must include:

3.5 (1) evidence of the need for improved, expanded, or new child care facilities in the area;

3.6 (2) a description of the new or expanded facility or other improvements to be made;

3.7 (3) a description of the specific state requirements making improvements necessary, if  
3.8 applicable;

3.9 (4) estimated costs of the capital project and the sources of funding to complete it;

3.10 (5) estimated costs of the expanded services and the sources of funding to provide them;

3.11 (6) the applicant's analysis of the expected economic benefits to the area in which the  
3.12 project would be located;

3.13 (7) the feasibility study that shows the financial and operational sustainability of the  
3.14 project funded;

3.15 (8) the average number of children provided care by the applicant during the year prior  
3.16 to the application, if any, and the expected number of children that could be provided child  
3.17 care after the proposed project is completed; and

3.18 (9) other information that the commissioner determines is necessary or useful in  
3.19 evaluating the impact of the proposed project on the local economy.

3.20 Subd. 8. **Maximum grant amount.** Grants must not be awarded for more than \$500,000  
3.21 per project or more than \$2,000,000 in two years to an applicant for one or more projects  
3.22 in the same city or county.

3.23 Subd. 9. **Cancellation of grant; return of money.** If the commissioner determines that  
3.24 a grantee is unable to proceed with an approved project or has not expended or obligated  
3.25 the grant money within five years of entering into the grant agreement with the commissioner,  
3.26 the commissioner shall cancel the grant and the money is available for the commissioner  
3.27 to make other grants under this section. Money made available to the commissioner from  
3.28 a canceled grant is subject to cancellation under section 16A.642 as if it had been appropriated  
3.29 to the program in the year in which the grant is canceled.

3.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1       Sec. 2. **GREATER MINNESOTA CHILD CARE FACILITY CAPITAL GRANT**  
4.2 **PROGRAM.**

4.3       Subdivision 1. Appropriations. \$10,000,000 is appropriated from the bond proceeds  
4.4 fund and \$10,000,000 is appropriated from the general fund to the commissioner of  
4.5 employment and economic development for the greater Minnesota child care facility capital  
4.6 grant program in Minnesota Statutes, section 116J.417.

4.7       Subd. 2. Bond sale. To provide the money appropriated in this section from the bond  
4.8 proceeds fund, the commissioner of management and budget shall sell and issue bonds of  
4.9 the state in an amount up to \$10,000,000 in the manner, upon the terms, and with the effect  
4.10 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota  
4.11 Constitution, article XI, sections 4 to 7.

4.12       EFFECTIVE DATE. This section is effective the day following final enactment.