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State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. 86

06/15/2020 Authored by Lee, Her, Mahoney, Moran, Noor and others
The bill was read for the first time and referred to the Jobs and Economic Development Finance Division

1.1 A bill for an act
1.2 relating to local government; establishing the Metropolitan Area Redevelopment
1.3 Corporation; providing for certain tax revenues; providing powers and duties to
1.4 the corporation; requiring a report; appropriating money; amending Minnesota
1.5 Statutes 2019 Supplement, section 297A.993, subdivisions 1, 2; proposing coding
1.6 for new law as Minnesota Statutes, chapter 473K.

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

1.8 Section 1. Minnesota Statutes 2019 Supplement, section 297A.993, subdivision 1, is
1.9 amended to read:

1.10 Subdivision 1. Authorization; rates. (a) Notwithstanding section 297A.99, subdivisions
1.11 1, 2, 3, 5, and 13, or 477A.016, or any other law, the board of a county, or more than one
1.12 county acting under a joint powers agreement, may by resolution of the county board, or
1.13 each of the county boards, following a public hearing impose (1) a transportation sales tax
1.14 at a rate of up to one-half of one percent on retail sales and uses taxable under this chapter,
1.15 and (2) an excise tax of \$20 per motor vehicle, as defined in section 297B.01, subdivision
1.16 11, purchased or acquired from any person engaged in the business of selling motor vehicles
1.17 at retail, occurring within the jurisdiction of the taxing authority.

1.18 (b) Notwithstanding the provisions of paragraph (a), beginning January 1, 2021, through
1.19 January 1, 2031, a portion equal to the revenue raised at a tax rate of 0.00125 percent shall
1.20 be retained from a tax imposed under this section by a metropolitan county as defined in
1.21 section 473.121, subdivision 4, and must be allocated for uses described in subdivision 2,
1.22 paragraph (b). A county may, by resolution of the county board, increase the rate of tax
1.23 above the limitation imposed by paragraph (a) by 0.00125 percent to accommodate the loss
1.24 of revenue to transit projects.

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

2.2 Sec. 2. Minnesota Statutes 2019 Supplement, section 297A.993, subdivision 2, is amended
2.3 to read:

2.4 Subd. 2. **Allocation; termination.** (a) Except as provided in paragraph (b), the proceeds
2.5 of the taxes must be dedicated exclusively to: (1) payment of the capital cost of a specific
2.6 transportation project or improvement; (2) payment of the costs, which may include both
2.7 capital and operating costs, of a specific transit project or improvement; (3) payment of the
2.8 capital costs of a safe routes to school program under section 174.40; or (4) payment of
2.9 transit operating costs. The transportation or transit project or improvement must be
2.10 designated by the board of the county, or more than one county acting under a joint powers
2.11 agreement. Except for taxes for operating costs of a transit project or improvement, or for
2.12 transit operations, the taxes must terminate when revenues raised are sufficient to finance
2.13 the project. Nothing in this subdivision prohibits the exclusive dedication of the proceeds
2.14 of the taxes to payments for more than one project or improvement. After a public hearing
2.15 a county may, by resolution, dedicate the proceeds of the tax for a new enumerated project.

2.16 (b) An amount equal to the proceeds of the portion of the tax described in subdivision
2.17 1, paragraph (b), is appropriated to the commissioner of revenue for deposit into the account
2.18 established in section 473K.07. Money in the account must be used for purposes authorized
2.19 under chapter 473K.

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

2.21 Sec. 3. **[473K.01] DEFINITIONS.**

2.22 Subdivision 1. **Application.** For the purposes of this chapter, the terms defined in this
2.23 section have the meanings given them.

2.24 Subd. 2. **Board.** "Board" means the governing body of the corporation or Metropolitan
2.25 Area Redevelopment Corporation established in section 473K.03.

2.26 Subd. 3. **Bonds.** "Bonds" means obligations as defined in section 475.51, subdivision
2.27 3.

2.28 Subd. 4. **City.** "City" means a statutory or home rule charter city in the metropolitan
2.29 area. Until December 31, 2025, "city" means only the cities included in Executive Order
2.30 No. 20-64. Thereafter, "city" includes any city in the metropolitan area.

2.31 Subd. 5. **Metropolitan area.** "Metropolitan area" means the counties of Anoka, Carver,
2.32 Dakota, Hennepin, Ramsey, Scott, and Washington.

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

3.2 Sec. 4. **[473K.03] METROPOLITAN AREA REDEVELOPMENT CORPORATION.**

3.3 Subdivision 1. **Creation; purpose.** The Metropolitan Area Redevelopment Corporation
3.4 is established as a public corporation and political subdivision of the state with jurisdiction
3.5 in the metropolitan area to identify and address the adverse impacts of racial discrimination
3.6 and poverty in the metropolitan area by facilitating access by people of color and indigenous
3.7 persons to resources for development of health care facilities, small businesses, safe and
3.8 affordable housing, and the other benefits of society that have historically been unavailable
3.9 to them due to systemic barriers.

3.10 The corporation shall foster equitable economic development to prevent gentrification
3.11 and displacement of low-income residents, homes, and small businesses owned by
3.12 African-Americans, Indigenous people, and other people of color. The corporation shall
3.13 foster enterprise development and wealth creation in communities adversely affected by
3.14 racial discrimination and poverty.

3.15 Subd. 2. **Membership; qualifications; appointment.** (a) The board of the corporation
3.16 consists of nine members appointed by the Executive Council. Until appointments made
3.17 after December 31, 2025, each member appointed must live in an area of a city that was
3.18 affected by the civil unrest between May 26, 2020, and June 10, 2020. For appointments
3.19 made after December 31, 2025, a member may be from any part of the metropolitan area.

3.20 (b) Each appointee must be a person of color or an Indigenous person. At least five
3.21 members must have an interest in and knowledge of the needs of the areas affected by the
3.22 civil unrest. At least four members must have experience with or knowledge of public health,
3.23 economic development, urban redevelopment, nonprofit finance, and community
3.24 empowerment. The appointing authority is encouraged to also consider a candidate's
3.25 experience as a leader in community-based organizations working on economic development.

3.26 Subd. 3. **Chair; other officers.** The chair of the corporation shall be selected by and
3.27 from among members of the corporation to serve a one-year term. The chair may be
3.28 reappointed by the members.

3.29 Subd. 4. **Terms.** The initial terms of five members, determined by lot, shall end the first
3.30 Monday in January 2024. The initial terms of four members, determined by lot, shall end
3.31 the first Monday in January 2022. Thereafter, each member shall serve a four-year term
3.32 and until the member's successor is appointed. A member may be reappointed.

4.1 Subd. 5. **Vacancies.** A vacancy occurs as provided in section 351.02 or upon a member's
4.2 removal under subdivision 6. A vacancy must be filled by the appointing authority in
4.3 subdivision 2 for the balance of the term in the same manner as a regular appointment.

4.4 Subd. 6. **Removal.** A member may be removed by the board for inefficiency, neglect
4.5 of duty, or misconduct in office. A member may be removed only after a hearing of the
4.6 board. A written copy of the charges must be given to the board member subject to the
4.7 allegations in the charges at least ten days before the hearing. The board member must be
4.8 given an opportunity to be heard in person or by counsel at the hearing. The board may
4.9 temporarily suspend a board member if written charges are submitted against the member.
4.10 The board must immediately reinstate the suspended board member if the board finds that
4.11 the charges against the member are not substantiated. If a board member is removed, a
4.12 record of the proceedings, together with the charges and findings, must be filed with the
4.13 appointing authority in subdivision 2.

4.14 Subd. 7. **Compensation.** Members of the corporation shall be paid \$10,000 per year, at
4.15 times and in the amounts provided in the bylaws. Members may also be reimbursed for
4.16 reasonable expenses as provided in section 15.059, subdivision 3.

4.17 Subd. 8. **Audits.** The state auditor shall audit the finances of the corporation, including
4.18 the collection and use of the sales tax revenues collected under section 297A.993, to provide
4.19 the money for grants made under this chapter.

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

4.21 Sec. 5. **[473K.05] POWERS; DUTIES.**

4.22 Subdivision 1. **General authority.** The Metropolitan Area Redevelopment Corporation
4.23 has all powers necessary or convenient to accomplish the purposes for which it is created
4.24 and the duties assigned to it in law.

4.25 Subd. 2. **Bylaws.** The corporation shall adopt bylaws for the regulation of its affairs and
4.26 rules of procedure for governing its actions, not inconsistent with law.

4.27 Subd. 3. **Meetings; data practices; records.** The board must meet regularly at least
4.28 once a month. Meetings are subject to chapter 13D, the Minnesota Open Meeting Law. The
4.29 corporation is subject to chapter 13, the Minnesota Government Data Practices Act, and the
4.30 records retention law in section 15.17.

4.31 Subd. 4. **Executive director; staff; facilities.** (a) The executive director of the Public
4.32 Facilities Authority, or the executive director's designee, shall serve as executive director
4.33 of the corporation.

5.1 (b) The mayor of each city shall appoint a member of the city council or a department
5.2 head to serve as liaison to the corporation. The liaison shall attend all meetings to the extent
5.3 practicable, assist the board with assessing proposals, and help facilitate projects funded by
5.4 the board.

5.5 (c) The Metropolitan Council and any state agency, upon request by the executive
5.6 director, shall provide staff, technical and administrative assistance, and the use of facilities
5.7 for meetings. The council and state agencies must provide the assistance within existing
5.8 resources available to the council or state agency.

5.9 Subd. 5. **Redevelopment plans.** (a) The board shall develop both short-term and
5.10 long-term plans for the redevelopment of the cities. The board must consult with the mayors
5.11 and city councils, and all interested and affected parties, in the development of the plans.
5.12 The plans must provide for maximum grant amounts, the purposes for which grants may
5.13 be used, how grantees must account for use of grant funds, how results will be determined,
5.14 and what reports must be submitted to the corporation and the cities in which grant funds
5.15 are spent.

5.16 (b) The redevelopment plans must:

5.17 (1) be developed by the communities using a design process that includes using art and
5.18 culture to support and define the community;

5.19 (2) identify the expertise needed to implement long-term community redevelopment
5.20 plans;

5.21 (3) maximize resources from multiple sources and sectors;

5.22 (4) support projects that will act as incubators for small business ownership, including
5.23 ownership of the land and buildings in which the businesses and institutions grow; and

5.24 (5) use public investment as seed money to encourage public-private partnerships.

5.25 Subd. 6. **Grants.** (a) In addition to any other requirements in this chapter, the board shall
5.26 develop criteria for awarding grants and provide for the equitable distribution of grant funds.
5.27 All grants must be approved by the board before distribution.

5.28 (b) A grantee must be a nonprofit organization, organized under Internal Revenue Code,
5.29 section 501(c)(3). The organization must be one that is led by a person who is, and has a
5.30 staff and board of which at least 51 percent are African-American, Asian-American,
5.31 Latino-American, American-Indian, or any combination of these populations.

6.1 (c) At least 40 percent of the funds available each year must be used for grants to
6.2 organizations with operating budgets of less than \$500,000.

6.3 (d) A grantee must substantially complete the project funded within two years of entering
6.4 into the grant agreement unless another time frame is specified in the grant agreement.

6.5 (e) Projects that may be funded include but are not limited to projects that:

6.6 (1) conduct community engagement processes to determine community priorities and
6.7 develop strategies to accomplish those priorities;

6.8 (2) plan and implement commercial and economic development projects;

6.9 (3) acquire property in order to obtain site control and ensure the property is maintained
6.10 and secured against further deterioration or incompatible development;

6.11 (4) serve as incubators for small business ownership, ownership of the land and buildings
6.12 in which the businesses and institutions grow;

6.13 (5) develop and improve a grantee's organizational infrastructure, including developing
6.14 database management systems, financial systems, and other administrative functions that
6.15 increase the organization's ability to access new funding sources;

6.16 (6) improve a grantee's organization with training and skills development, planning, and
6.17 other methods of increasing staff capacity and cultural competency; and

6.18 (7) increase the capacity of the grantee to improve other services in the community, such
6.19 as health care and education.

6.20 (f) A grantee may partner with other existing organizations, public or private, that have
6.21 useful specialized expertise or capacity, including but not limited to faith-based groups,
6.22 schools, health care clinics, government agencies, or for-profit entities.

6.23 Subd. 7. **Report.** By March 1 each year, the board must submit an annual report to the
6.24 chairs and ranking minority members of the legislative committees with jurisdiction over
6.25 government operations, jobs and economic development, and taxes. The report must include
6.26 aggregate and detailed information on the grants awarded, including the locations, amounts,
6.27 uses, and any other information that the board determines would be of interest or use to the
6.28 legislature.

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

7.1 Sec. 6. **[473K.07] FINANCING; BONDING.**

7.2 Subdivision 1. Sales tax account. Money in the sales tax revenue account established
7.3 under section 297A.993, subdivision 2, paragraph (b), is appropriated to the Metropolitan
7.4 Area Redevelopment Corporation to pay the compensation and reasonable expenses of
7.5 board members and to make grants under this chapter.

7.6 Subd. 2. Bonds. (a) The corporation may request a city, a county in the metropolitan
7.7 area, or the Metropolitan Council to issue bonds, the proceeds of which may be used to
7.8 make grants under this chapter. Notwithstanding any limit on debt in a home rule charter,
7.9 ordinance, or law, a city, county, or the Metropolitan Council may issue bonds under chapter
7.10 475 without an election in order to provide money for grants approved by the corporation.
7.11 The bonds may be issued as general obligation sales tax revenue bonds or any other debt
7.12 obligation form available to the city, and the issuing entity and the corporation may pledge
7.13 the sales tax revenues to the repayment of the bonds. Any bonds issued must be defeased
7.14 or retired by December 31, 2030.

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

7.16 Sec. 7. **[473K.09] EXPIRATION.**

7.17 This chapter expires December 31, 2031.