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State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. 128

06/16/2020 Authored by Marquart, Bernardy and Hansen
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to local government aid; providing aid and reimbursements to counties,
1.3 cities, and towns to fund expenses related to COVID-19; appropriating money
1.4 from the coronavirus relief federal fund.

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

1.6 Section 1. CORONAVIRUS RELIEF FUND; LOCAL GOVERNMENT
1.7 DISTRIBUTIONS.

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

1.10 (b) "Commissioner" means the commissioner of revenue.

1.11 (c) "City" means a statutory or home rule charter city.

1.12 (d) "Eligible county" means a Minnesota county with a population less than 500,000.

1.13 (e) "Eligible city" means a city with a population of 200 or more, or an organized town
1.14 with a population of 5,000 or more.

1.15 (f) "Eligible town" means an organized town with a population more than 199 but less
1.16 than 5,000.

1.17 (g) "Emergency financial assistance" means assistance to individuals and families directly
1.18 impacted by a loss of income due to COVID-19. Emergency financial assistance includes
1.19 but is not limited to amounts used to help pay overdue rent or mortgage to prevent eviction
1.20 or foreclosure or unexpected funeral costs.

2.1 (h) "Economic support" means assistance to small businesses with costs of business
2.2 interruptions caused by required closures due to COVID-19. Economic support includes
2.3 but is not limited to assistance to businesses that close voluntarily to promote social distancing
2.4 guidelines and businesses impacted by decreased customer demand as a result of the
2.5 COVID-19 health emergency.

2.6 (i) "Home county" for a city or town means the county where the administrative offices
2.7 of the city or town is located.

2.8 (j) "Local government" means a city, county, or town.

2.9 (k) "Population" means the most recently available 2018 population estimate from the
2.10 state demographer as of May 1, 2020.

2.11 Subd. 2. **Local government distribution amounts.** (a) The distribution for an eligible
2.12 city is equal to a dollar amount per capita that is the same for all eligible cities. The
2.13 commissioner shall determine the per capita dollar amount so that the total amount paid
2.14 under this paragraph is equal to the amount available under subdivision 8, paragraph (c),
2.15 minus the amounts payable to eligible towns under paragraph (b) and the supplemental
2.16 amount paid to counties under paragraph (d).

2.17 (b) The distribution for an eligible town is equal to \$25 multiplied by the town's
2.18 population.

2.19 (c) The base distribution amount for an eligible county is equal to a dollar amount
2.20 multiplied by the total county population. The dollar amount shall be the same amount for
2.21 all eligible counties and shall be determined by the commissioner so that the total amount
2.22 paid under this paragraph is equal to the amount available under subdivision 8, paragraph
2.23 (b).

2.24 (d) An eligible county shall also receive a supplemental distribution amount equal to
2.25 the sum of: (1) the per capita amount determined under paragraph (a) multiplied by the
2.26 population of all cities in the county with a population less than 200; and (2) \$25 multiplied
2.27 by the population within the county located outside of any city or eligible town. For purposes
2.28 of clause (1), a city that crosses into two or more counties is located in its home county.
2.29 Total aid to each county is equal to the base distribution amount plus the supplemental
2.30 amount.

2.31 Subd. 3. **Distribution schedule.** The commissioner must distribute the amounts calculated
2.32 under subdivision 2 no later than June 30, 2020, for certifications received by June 22, 2020.
2.33 Distributions will be made for certifications received by September 15, 2020.

3.1 Subd. 4. **Allowed uses.** (a) A local government must use aid distributions under this
3.2 section for purposes consistent with the requirements of Public Law 116-136. Prior to
3.3 distributing the aid, the commissioner must require each eligible local government to certify
3.4 its intent to comply with the requirements of this section. The certification must be in the
3.5 form and manner determined by the commissioner.

3.6 (b) Notwithstanding paragraph (a), a county must use at least 10 percent of the base
3.7 distribution aid it receives under subdivision 2, paragraph (c), for emergency financial
3.8 assistance to individuals and families and for economic support to businesses. The county
3.9 must certify it will spend funds according to this section to the commissioner. Any auditing
3.10 of compliance with this section, including the ten percent amount, will occur with regular
3.11 audits of the county.

3.12 (c) A city or town that is not an eligible city or eligible town may apply to its home
3.13 county for a reimbursement, to be paid from the county aid distribution under subdivision
3.14 2 to cover costs incurred by the city or town that are allowed uses under paragraph (a). The
3.15 county may require the city or town to provide sufficient information to demonstrate that
3.16 the cost incurred meets the requirements of Public Law 116-136. Upon appropriate
3.17 documentation, the county must make a reimbursement of up to the lesser of: (1) \$75.34
3.18 multiplied by the population of the city or \$25 multiplied by the population of the town; or
3.19 (2) the amount of documented allowed costs. The county, at its discretion, may increase the
3.20 reimbursement above this amount, but to no more than the amount of documented allowed
3.21 costs. Any application for a reimbursement under this paragraph must be made no later than
3.22 September 1, 2020, and any reimbursements made under this subdivision must be paid to
3.23 the city or town no later than September 20, 2020.

3.24 Subd. 5. **Local government collaborative agreements.** A local government may enter
3.25 into a collaborative agreement with one or more other local governments to share aid
3.26 distributions under this section, consistent with subdivision 4. The commissioner may require
3.27 each local government to provide information about the agreement in the form and manner
3.28 determined by the commissioner.

3.29 Subd. 6. **Expenditure time limits.** (a) Except as provided in paragraphs (b) and (d), any
3.30 aid amount remaining unexpended on November 15, 2020, by an eligible city or town whose
3.31 home county is an eligible county, must be sent to its home county. The transfer must be
3.32 made no later than November 20, 2020. The county may use these funds for any purpose
3.33 allowed under subdivision 4, paragraphs (a) and (b).

4.1 (b) Any aid amount remaining unexpended on November 15, 2020, by an eligible city
4.2 or town whose home county is Hennepin County, must be sent to the Hennepin County
4.3 Medical Center which may use the funds only for eligible expenses that meet the requirements
4.4 of Public Law 116-136. Any aid amount remaining unexpended on November 15, 2020,
4.5 by an eligible city or town whose home county is Ramsey County, must be sent to Regions
4.6 Hospital which may use the funds only for eligible expenses that meet the requirements of
4.7 Public Law 116-136. Any funds transferred to the medical center or hospital under this
4.8 paragraph that are unencumbered by those entities by December 15, 2020, must be returned
4.9 to the commissioner and are canceled to the coronavirus relief federal fund.

4.10 (c) Any amount of aid under subdivision 2 or transfer under paragraph (a) remaining
4.11 unencumbered by an eligible county by December 15, 2020, must be returned to the
4.12 commissioner and is canceled to the coronavirus relief federal fund.

4.13 (d) Notwithstanding paragraph (a), any aid amount remaining unexpended by a local
4.14 government on December 15, 2020, for a local government that has entered into a
4.15 collaborative agreement under subdivision 5, must be returned to the commissioner and is
4.16 canceled to the coronavirus relief federal fund.

4.17 **Subd. 7. Repayment of improperly spent federal funds.** (a) For purposes of this
4.18 subdivision, "local government unit" means a county, city, or town.

4.19 (b) The commissioner must recoup money from a local government unit if:

4.20 (1) the Inspector General of the Department of the Treasury has determined that the state
4.21 of Minnesota is subject to recoupment of funds under Public Law 116-136; and

4.22 (2) the recoupment is the result of the failure of a local government unit to expend money
4.23 distributed under this section consistent with the requirements of Public Law 116-136.

4.24 (c) The recoupment may only come from the local government that received a direct
4.25 aid payment from the state and whose spending caused a need for recoupment from the
4.26 state under federal law. The commissioner must certify the amount to be repaid by each
4.27 local government unit. The amount of the repayment required from each local government
4.28 unit must be equal to the state recoupment amount attributable to that local government
4.29 unit. For the purposes of this paragraph, "state recoupment amount" means the total of the
4.30 amounts determined under paragraph (b).

4.31 (d) A local government unit must repay its share of the state recoupment amount to the
4.32 state in full within 90 days of the commissioner's certification under paragraph (c). A local

5.1 government unit may apply to the commissioner in the form and manner determined by the
5.2 commissioner for an alternative repayment schedule, not to exceed five years.

5.3 (e) Any amounts recouped by the state must be credited to the fund from which the state
5.4 paid the amounts recouped by the Department of the Treasury.

5.5 Subd. 8. **Appropriations.** (a) \$841,464,000 in fiscal year 2020 is appropriated from the
5.6 coronavirus relief federal fund to the commissioner of revenue for aid distributions under
5.7 this section. This is a onetime appropriation.

5.8 (b) Fifty-five percent of the appropriation in paragraph (a) must be used for the base
5.9 distribution amount for counties under subdivision 2, paragraph (c).

5.10 (c) The remaining amount of the appropriation in paragraph (a) must be used for all
5.11 other aid and grant payments under this section.

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