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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1656

02/13/2023 Authored by Acomb, Hortman, Long, Hollins, Carroll and others
The bill was read for the first time and referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to energy; establishing grant programs to enhance the competitiveness of
1.3 Minnesota entities in obtaining federal money for energy projects; creating an
1.4 account; establishing an advisory task force; requiring a report; transferring and
1.5 appropriating money; proposing coding for new law in Minnesota Statutes, chapter
1.6 216C.

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

1.8 Section 1. 216C.391 MINNESOTA STATE COMPETITIVENESS FUND.

1.9 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have
1.10 the meanings given.

1.11 (b) "Competitive funds" means federal funds awarded to selected applicants based on
1.12 the grantor's evaluation of the strength of an application measured against all other
1.13 applications.

1.14 (c) "Disadvantaged community" has the meaning given by the federal agency disbursing
1.15 federal funds.

1.16 (d) "Eligible entity" means an entity located in Minnesota that is eligible to receive
1.17 federal funds, as determined by the grantor of the federal funds.

1.18 (e) "Federal funds" means federal formula or competitive funds available for award to
1.19 applicants for energy projects under the Infrastructure Investment and Jobs Act, Public Law
1.20 117-58, or the Inflation Reduction Act of 2022, Public Law 117-169.

1.21 (f) "Formula funds" means federal funds awarded to all eligible applicants on a
1.22 noncompetitive basis.

2.1 (g) "Match" means the amount of state money a successful grantee in Minnesota is  
2.2 required to contribute to a project as a condition of receiving federal funds.

2.3 (h) "Political subdivision" has the meaning given in section 331A.01, subdivision 3.

2.4 (i) "Project" means the activities that an eligible entity awarded federal funds proposed  
2.5 to undertake.

2.6 (j) "Tribal government" has the meaning given in section 116J.64, subdivision 4.

2.7 Subd. 2. Establishment of account; eligible expenditures. (a) A state competitiveness  
2.8 fund account is created in the special revenue fund of the state treasury. The commissioner  
2.9 must credit to the account appropriations and transfers made to the account. Earnings,  
2.10 including interest, dividends, and any other earnings arising from assets of the account,  
2.11 must be credited to the account. Money remaining in the account at the end of a fiscal year  
2.12 does not cancel to the general fund but remains available until June 30, 2034. The  
2.13 commissioner is the fiscal agent and must manage the account.

2.14 (b) Money in the account is appropriated to the commissioner and must be used to:

2.15 (1) pay all or any portion of the state match that is required as a condition of receiving  
2.16 federal funds;

2.17 (2) award grants under subdivision 4 to obtain grant writing assistance for eligible  
2.18 entities; and

2.19 (3) pay the reasonable costs incurred by the department to assist eligible entities to  
2.20 successfully compete for available federal funds.

2.21 Subd. 3. Grant awards; eligible entities; priorities. Grants may be awarded under this  
2.22 section to eligible entities. Grants must be awarded in a manner that is consistent with the  
2.23 following order of priorities:

2.24 (1) federal formula funds directed to the state that require a match;

2.25 (2) federal formula funds directed to a political subdivision or a Tribal government that  
2.26 require a match;

2.27 (3) federal formula funds directed to an institution of higher education, a utility, a  
2.28 business, or a nonprofit organization that require a match;

2.29 (4) federal competitive funds directed to an eligible entity that require a match; and

2.30 (5) all other formula or competitive grant opportunities directed to eligible entities that  
2.31 do not require a match but for which the commissioner determines that a grant made under

3.1 this section is likely to (i) enhance the likelihood of an applicant receiving federal funds,  
3.2 or (ii) increase the potential amount of federal funds received.

3.3 Subd. 4. **Grant awards; grant writing assistance.** Grants may be awarded under this  
3.4 section to entities with expertise and experience in grant writing, in order to assist eligible  
3.5 entities to prepare grant applications for federal funds. Eligible grantees under this subdivision  
3.6 include regional development commissions established in section 462.387, the West Central  
3.7 Initiative Foundation, and any entity the commissioner determines enhances the  
3.8 competitiveness of grant applications from eligible entities located in areas not served by  
3.9 a regional development commission.

3.10 Subd. 5. **Grant amounts.** (a) For grants that meet the criteria in subdivision 3, clauses  
3.11 (1) to (3), the maximum grant award is ... percent of the required match.

3.12 (b) For grants that meet the criteria in subdivision 3, clause (4), the maximum grant  
3.13 award is 50 percent of the required match, except that if the commissioner determines that  
3.14 at least 40 percent of the direct benefits resulting from a project awarded federal funds are  
3.15 realized by residents of a disadvantaged community, the commissioner may award up to  
3.16 100 percent of the required match.

3.17 (c) For projects that meet the criteria in subdivision 3, clause (5), the commissioner may  
3.18 award a grant up to ten percent of the amount of federal funds requested by the applicant,  
3.19 except that if the commissioner determines that at least 40 percent of the direct benefits  
3.20 resulting from a project awarded federal funds are realized by residents of a disadvantaged  
3.21 community, the commissioner may award up to 20 percent of the amount of federal funds  
3.22 requested.

3.23 (d) Notwithstanding any other provision in this section:

3.24 (1) a grant awarded under this section must not exceed \$.....; and

3.25 (2) a single entity must not receive grant awards under this section that cumulatively  
3.26 exceed \$.....

3.27 Subd. 6. **Grant awards; administration.** (a) An eligible entity seeking a grant award  
3.28 under subdivision 3 or an entity seeking a grant award under subdivision 4 must submit an  
3.29 application to the commissioner on a form prescribed by the commissioner. The  
3.30 commissioner is responsible for (1) receiving and reviewing grant applications, and (2)  
3.31 awarding grants under this section. The commissioner must develop administrative  
3.32 procedures governing the application, evaluation, and award process. The commissioner is  
3.33 prohibited from making a grant award under this section unless the commissioner has

4.1 determined, and has notified the applicant in writing, that the application is complete. When  
4.2 awarding grants under this section, the commissioner must endeavor to make awards to  
4.3 applicants from all regions of Minnesota.

4.4 (b) The department must provide technical assistance to applicants with respect to the  
4.5 energy-related content of the application. Applicants may receive grant writing assistance  
4.6 at no cost from an entity awarded a grant under subdivision 4.

4.7 (c) Within ten business days of the date the commissioner determines the grant amount  
4.8 awarded to an applicant, the commissioner must:

4.9 (1) reserve the amount for the specific grant in the state competitiveness fund account;  
4.10 and

4.11 (2) notify the Legislative Advisory Commission in writing of the reserved amount, the  
4.12 name of the applicant, the purpose of the project, and the unreserved balance of money  
4.13 remaining in the account.

4.14 (d) Reserved money is committed to the grant and for the use specified in the notice  
4.15 provided under paragraph (c), and is unavailable for reservation or appropriation for other  
4.16 applications until the commissioner receives written notice (1) from the applicant that the  
4.17 application for federal funds has been withdrawn, or (2) from the federal grantor that the  
4.18 application for which funds from the account were reserved was denied federal funds.

4.19 (e) Reserved money may be expended only upon presentation of written notice from the  
4.20 federal grantor to the commissioner stating that the applicant has been granted federal funds  
4.21 for the project described in the application. If the amount of federal funds awarded to an  
4.22 applicant differs from the amount requested in the application, the commissioner may adjust  
4.23 the award made under this section accordingly.

4.24 Subd. 7. **Advisory task force; membership; operation.** (a) The Minnesota State  
4.25 Competitiveness Fund Advisory Task Force is established in the Department of Commerce  
4.26 and consists of the following six members:

4.27 (1) the chair and ranking minority member of the senate committee with jurisdiction  
4.28 over energy finance;

4.29 (2) the chair of the senate committee with jurisdiction over finance;

4.30 (3) the chair and ranking minority member of the house of representatives committee  
4.31 with jurisdiction over energy finance; and

4.32 (4) the chair of the house of representatives committee on ways and means.

5.1 (b) The commissioner must convene the initial meeting of the task force no later than  
5.2 October 1, 2023.

5.3 (c) The Legislative Coordinating Commission must provide staff and administrative  
5.4 support to the task force.

5.5 (d) The task force's meetings are subject to chapter 13D.

5.6 Subd. 8. **Advisory task force; duties.** (a) The task force must review the use of money  
5.7 in the state competitiveness fund account and make recommendations to the committees in  
5.8 the senate and house of representatives with jurisdiction over energy finance and to the  
5.9 commissioner regarding how to increase the number of eligible entities that successfully  
5.10 compete for and receive federal funds.

5.11 (b) The task force must determine, in consultation with the commissioner, a process by  
5.12 which the task force can be informed on an ongoing basis of the status of the state  
5.13 competitiveness fund account, including the amount of funds reserved and expended, the  
5.14 outcome of applications for federal funds submitted by eligible entities, and other information  
5.15 the task force deems relevant to the task force's duties.

5.16 (c) The task force must review the annual reports filed by the department under  
5.17 subdivision 10.

5.18 Subd. 9. **Expiration.** The task force under subdivisions 7 and 8 expires January 1, 2035.

5.19 Subd. 10. **Report; audit.** Beginning February 15, 2024, and each February 15 thereafter  
5.20 until February 15, 2035, the commissioner must submit a written report to the chairs and  
5.21 ranking minority members of the legislative committees with jurisdiction over energy finance  
5.22 on the activities taken and expenditures made under this section. The report must, at a  
5.23 minimum, include the following information for the most recent calendar year:

5.24 (1) the number of applications for grants filed with the commissioner and the total amount  
5.25 of grant funds requested;

5.26 (2) the number of grants and amounts awarded;

5.27 (3) the number of additional personnel hired for the purposes of this section;

5.28 (4) expenditures on activities conducted under this section, reported separately for the  
5.29 following areas:

5.30 (i) technical assistance provided;

5.31 (ii) grants made to entities under subdivision 4 in order to assist applicants with grant  
5.32 writing;

- 6.1 (iii) application review and evaluation;
- 6.2 (iv) information technology activities; and
- 6.3 (v) other expenditures;
- 6.4 (5) the unreserved balance remaining in the state competitiveness fund account;
- 6.5 (6) a copy of a financial audit of the department's expenditures under this section
- 6.6 conducted by an independent auditor;
- 6.7 (7) recommendations for legislation to enhance eligible entities' ability to successfully
- 6.8 compete for federal funds; and
- 6.9 (8) additional available funding opportunities to obtain energy-related funding from
- 6.10 federal agencies.

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

6.12 **Sec. 2. TRANSFER.**

6.13 \$..... in fiscal year 2024 is transferred from the general fund to the commissioner of

6.14 commerce for the Minnesota competitiveness fund account under Minnesota Statutes, section

6.15 216C.391. This is a onetime transfer. Of this amount:

6.16 (1) no less than \$..... must be used for grant awards made under Minnesota Statutes,

6.17 section 216C.391, subdivisions 3 and 4; and

6.18 (2) no more than \$..... may be used by the department to administer Minnesota Statutes,

6.19 section 216C.391.

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