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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3655

02/20/2020 Authored by O'Driscoll 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 economic development; creating a regional exchange district in the city
1.3 of Sartell; appropriating money; proposing coding for new law in Minnesota
1.4 Statutes, chapter 469.

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

1.6 Section 1. 469.55 SARTELL REGIONAL EXCHANGE DISTRICT.

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

1.9 (b) "Appropriation support payments" means payments from the state to the city pursuant
1.10 to subdivision 4.

1.11 (c) "Business entity" means a medical or professional office or compatible commercial
1.12 business located within the district.

1.13 (d) "City" means the city of Sartell.

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

1.15 (f) "District" means the regional exchange district established under subdivision 2.

1.16 (g) "Expenditures" means expenditures made by business entities on construction projects,
1.17 including but not limited to:

1.18 (1) planning, predesign, and design, including architectural, engineering, project
1.19 management, and similar services;

1.20 (2) legal, regulatory, and other compliance costs of the project;

2.1 (3) land acquisition, demolition of existing improvements, and other site preparation
 2.2 costs;

2.3 (4) construction costs, including all materials and supplies of the project; and

2.4 (5) equipment, furnishings, and fixtures.

2.5 Expenditures excludes supplies and other items with a useful life of less than a year that
 2.6 are not used or consumed in constructing improvements to real property or are otherwise
 2.7 chargeable to capital costs.

2.8 (h) "Qualified expenditures" means expenditures in the district beginning May 1, 2020,
 2.9 and certified under subdivision 4, paragraph (a), and excludes any expenditures for which
 2.10 reimbursement is or will be sought under subdivision 4, paragraph (b).

2.11 (i) "Roadway improvement project" means a project serving the district to construct,
 2.12 extend, or otherwise improve a road to support the business entities. A public infrastructure
 2.13 project is not a business subsidy under section 116J.993.

2.14 Subd. 2. **Regional exchange district.** (a) There is established in the city a regional
 2.15 exchange district. The regional exchange district is bounded by, in the city of Sartell: Heritage
 2.16 Drive, from Pine Cone Road South to Riverside Avenue South; Riverside Avenue South
 2.17 from Heritage Drive to Trunk Highway 15; Trunk Highway 15 from Riverside Avenue
 2.18 South to County Road 120; County Road 120 from Trunk Highway 15 to Pine Cone Road
 2.19 South; and Pine Cone Road South from County Road 120 to Heritage Drive.

2.20 (b) The public purposes of the district are to facilitate:

2.21 (1) repurposing vacant or underutilized private land, or unutilized property interests such
 2.22 as air rights, for development or redevelopment and to incent significant private investment;

2.23 (2) redeveloping vacant or underutilized private land to increase its tax-generating and
 2.24 job-creating potential or to provide housing or meet community needs; and

2.25 (3) development by the anchoring institutions in the community, such as health care
 2.26 organizations and institutions of higher education, to create opportunities to improve the
 2.27 economy of the city and greater Minnesota regions and attract and retain workforce.

2.28 Subd. 3. **Regional exchange district roadway improvement projects.** (a) All roadway
 2.29 improvement projects are eligible for the state appropriation support payments allowed
 2.30 under subdivision 4, upon approval by the Sartell City Council. Costs may be reimbursed
 2.31 for projects that begin construction prior to 2035, but in no case may the aggregate state
 2.32 payments for projects exceed \$18,000,000.

3.1 Subd. 4. Appropriation support payments. (a) By February 1 of each year, the city
3.2 must certify to the commissioner the total amount of business entities' qualifying
3.3 expenditures, if any. The certification must be made in the form that the commissioner
3.4 prescribes and include any documentation and supporting information regarding the qualified
3.5 expenditures that the commissioner requires. By June 1 of the year in which a certification
3.6 was submitted, the commissioner must confirm or revise the amount of the qualified
3.7 expenditures.

3.8 (b) The commissioner must make an appropriation support payment to the city for each
3.9 \$25,000,000 in qualified expenditures made by business entities. The amount of the payment
3.10 is \$4,500,000. The commissioner must not make more than four appropriation support
3.11 payments to the city. The city must contribute \$250,000 in revenue for each appropriation
3.12 support payment to be used for roadway improvement projects financed by the appropriation
3.13 support payment.

3.14 (c) The city must use the appropriation support payments it receives under this subdivision
3.15 for roadway improvement projects, including the cost to finance such projects. Improvements
3.16 include predesign, design, engineering, acquisition of right-of-way, replacement or repair
3.17 of utilities, street reconstruction, addition or reconstruction of sidewalks, street lighting,
3.18 and other improvements or upgrades related to street work. The city must maintain
3.19 appropriate records to document the use of the funds under this subdivision.

3.20 (d) The commissioner must make an appropriation support payment allowed under this
3.21 subdivision by September 1 of the year in which a certification made under paragraph (a)
3.22 establishes that the business entities' qualifying expenditures at least meet the \$25,000,000
3.23 threshold established for payments in paragraph (b).

3.24 (e) No aid may be paid under this section after fiscal year 2035.

3.25 (f) An amount sufficient to pay the appropriation support payments authorized under
3.26 this section to the city is appropriated to the commissioner from the general fund.

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