State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 4355

03/17/2022 Authored by Noor
The bill was read for the first time and referred to the Committee on Workforce and Business Development Finance and Policy
04/19/2022 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

A bill for an act

relating to state government; appropriating money for the Department of Employment and Economic Development; making policy and technical changes; requiring reports; amending Minnesota Statutes 2020, sections 116J.552, subdivision 6; 116J.8747; 116J.8770; 116J.993, subdivision 3; 116L.04, subdivision 1a; 116L.17, subdivision 1; 116L.98, subdivisions 2, 3; Minnesota Statutes 2021 Supplement, sections 116J.8749; 116J.9924, subdivision 4; Laws 2021, First Special Session chapter 10, article 1, section 2, subdivision 2; Laws 2021, First Special Session chapter 14, article 11, section 42; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 2021 Supplement, section 116J.9924, subdivision 6.

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

ARTICLE 1
APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns under "Appropriations" are added to the appropriations in Laws 2021, First Special Session chapter 10, or other law to the specified agencies. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2022" and "2023" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2022, or June 30, 2023, respectively. Appropriations for the fiscal year ending June 30, 2022, are effective the day following final enactment.

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2022	**2023**

Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. **Total Appropriation**	**$**	**-0-**	**$**	**186,750,000**

Appropriations by Fund

	2020	2021
General Fund	-0-	161,000,000
Workforce Development	-0-	25,750,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Business and Community Development**	-0-	134,300,000

(a) $20,000,000 in fiscal year 2023 is for the main street economic revitalization program under Minnesota Statutes, section 116J.8749. This is a onetime appropriation and is available until June 30, 2025.

(b) $45,000,000 in fiscal year 2023 is for deposit in the spark small business loan program account under Minnesota Statutes, section 116J.9926. Of this amount, $10,000,000 is for loans to community businesses as defined in Minnesota Statutes, section 116J.8751. Beginning in fiscal year 2024, the base amount is $3,000,000.

(c) $20,000,000 in fiscal year 2023 is for deposit in the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for the administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926. Beginning in fiscal year 2024, the base amount is $1,000,000.

(d) $7,500,000 in fiscal year 2023 is for the Canadian border counties economic relief program. This is a onetime appropriation.

(e) $35,000,000 in fiscal year 2023 is for the small business recovery grant program. This is a onetime appropriation and is available until June 30, 2024.

(f) $800,000 in fiscal year 2023 is for a grant to Enterprise Minnesota, Inc., for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(g) $1,000,000 in fiscal year 2023 is for Join Us Minnesota campaign to market the state of Minnesota to businesses and potential workers. This appropriation is available until June 30, 2024. Of this amount, up to five percent is for administration and monitoring of the program. Beginning in fiscal year 2024, the base amount is $500,000.

(h) $2,000,000 in fiscal year 2023 is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include pay-for-performance contracts with nonprofit organizations to provide outreach, training, and support services for dislocated and chronically underemployed people, as well as forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to ten percent may be used for the center's technical assistance and administrative costs. This is a onetime appropriation.

(i)(1) $1,000,000 in fiscal year 2023 is for a grant to the Coalition of Asian American Leaders to address employment and economic disparities for Asian Minnesotan communities in response to the COVID-19 pandemic and incidents of bias by conducting and disseminating research and by providing grants, outreach, and technical assistance to Asian Minnesotan individuals, small businesses, and nonprofit organizations to navigate state programs and grants related to COVID-19 pandemic health and economic recovery challenges. This is a onetime appropriation and is available until December 31, 2024.

(2) The Coalition of Asian American Leaders must issue a report on the outcomes of the grant to the commissioner of employment and economic development by December 15, 2024.

(j) $2,000,000 in fiscal year 2023 is for a grant to Women's Foundation of Minnesota to invest in economic structures that educate, mobilize, and equip Black women with the necessary tools to build, retain, and strengthen the capacity to build generational wealth. This is a onetime appropriation.

Subd. 3. **Employment and Training Programs**	-0-	52,450,000

Appropriations by Fund

General Fund	-0-	26,700,000
Workforce Development Fund	-0-	25,750,000

(a) $1,000,000 in fiscal year 2023 is for grants to organizations providing support services to new Americans in order to facilitate successful community integration and entry into the workforce. Services may include case management, job training and employment services, education programs, and legal services. Of this amount:

(1) $325,000 is for a grant to the International Institute of Minnesota;

(2) $325,000 is for a grant to the Minnesota Council of Churches;

(3) $223,000 is for a grant to Arrive Ministries; and

(4) $127,000 is for a grant to Catholic Charities of the Diocese of Winona, Inc.

This is a onetime appropriation.

(b) $750,000 in fiscal year 2023 is from the workforce development fund for a grant to the Minneapolis Park and Recreation Board's Teen Teamworks youth employment and training programs. This is a onetime appropriation and is available until spent.

(c)(1) $20,000,000 in fiscal year 2023 is from the workforce development fund for grants to Minnesota's 16 local workforce development boards for strategies identified in local Workforce Innovation and Opportunity Act plans to address Minnesota's current workforce shortages by supporting training for unemployed and underemployed Minnesotans and the earning of industry-recognized credentials to equip workers with in-demand skills. Allowable uses of money include but are not limited to helping job seekers prepare for and find jobs, providing services to employers, supporting CareerForce locations, and conducting marketing and outreach for CareerForce services. Grant money must not be used for administrative costs. Grants shall be distributed consistent with the distribution and utilization of money under federal legislation regarding job training and related services. This is a onetime appropriation and is available until expended.

(2) By January 15 of each year that grant money is used, beginning in 2023, all grant recipients shall submit a report to the governor's Workforce Development Board that details the use of grant money, including the number of businesses, job seekers, and other stakeholders served.

(d) $5,000,000 in fiscal year 2023 is from the workforce development fund for a youth technology competitive training grant program to prepare people who are Black, Indigenous, people of color, or women to meet the growing labor needs in Minnesota's technology industry. This is a onetime appropriation and money is available until June 30, 2024. Of this amount, up to five percent is for administration and monitoring of the program. Grant money must be used to:

(1) provide career education, wraparound support services, and job skills training for high school aged youth in the technology industry;

(2) increase the number of summer internship opportunities in the technology industry;

(3) support outreach activities to businesses and create pathways for employment and internships for youth in the technology industry; and

(4) increase the number of young adults employed in the technology industry and ensure that they reflect Minnesota's diverse workforce.

Programs and services supported by grant money must give priority to individuals and groups that are economically disadvantaged or historically underrepresented in the technology industry, including but not limited to women, veterans, and members of minority and immigrant groups.

(e) $470,000 in fiscal year 2023 is for activities associated with the Office for New Americans in Minnesota Statutes, section 116J.4231. Beginning in fiscal year 2024, the base amount is $500,000.

(f) $25,230,000 in fiscal year 2023 is for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924. This is a onetime appropriation.

Sec. 3. Laws 2021, First Special Session chapter 10, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Business and Community Development**	208,015,000	~~44,741,000~~ 58,741,000

Appropriations by Fund

General	205,215,000	~~41,941,000~~ 55,941,000
Remediation	700,000	700,000
Workforce Development	2,100,000	2,100,000

(a) $1,787,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2025.

(b) $8,425,000 in the first year and ~~$1,425,000~~ $6,425,000 in the second year are for the small business partnership grant program formerly known as the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the ~~business development competitive grant~~ program and $7,000,000 in the first year ~~is~~ and $5,000,000 in the second year are for technical assistance to small businesses. Funding for technical assistance to small businesses in the second year shall be divided proportionately between program grantees from the first year. Except for awards for technical assistance for small businesses, all grant awards shall be for two consecutive years~~. Grants~~ and shall be awarded in the first year. The small business partnership grant program shall also provide business development assistance and services to commercial cooperatives, employee-owned businesses, and commercial land trusts. Beginning in fiscal year 2024, the base amount is $4,925,000 of which $1,500,000 is for technical assistance to small businesses participating in the spark small business loan program under Minnesota Statutes, section 116J.8751.

(c) $1,772,000 each year is for contaminated site cleanup and development grants under

Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(d) $700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) $139,000 each year is for the Center for Rural Policy and Development.

(f) $25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

(g) $875,000 each year is for the host community economic development program established in Minnesota Statutes, section 116J.548.

(h)(1) $2,500,000 ~~each year is~~ the first year and $6,500,000 the second year are for grants to local communities to increase the number of quality child care providers to support economic development. This appropriation is available through June 30, 2023. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. In fiscal year 2024 and beyond, the base amount is $1,500,000.

(2) Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant funds available under this subdivision must

be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

(3) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local funds invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking members of the legislative committees with jurisdiction over early learning and child care and economic development.

(i) $1,500,000 each year is for a grant to the Minnesota Initiative Foundations. This appropriation is available until June 30, 2025. In fiscal year 2024 and beyond, the base amount is $1,000,000. The Minnesota Initiative Foundations must use grant funds under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution

action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

The Minnesota Initiative Foundations are authorized to subgrant their allocation to partner organizations who are assisting in their child care work.

(j) $8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended.

(k) $10,029,000 the first year and $10,028,000 the second year are for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. In fiscal year 2024 and beyond, the base amount is $12,370,000. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(l) ~~$0 each~~ $5,000,000 in the second year is for the redevelopment program under Minnesota Statutes, sections ~~116J.575~~ 116J.571 and 116J.5761. This appropriation is available until spent. In fiscal year 2024 and beyond, the base amount is ~~$2,246,000~~ $3,496,000.

(2) For funding in fiscal year 2023, the commissioner shall prioritize applications

from development authorities located in low-income areas, defined as:

(i) a census tract that has a poverty rate of at least 20 percent, as reported by the United States Bureau of the Census in the most recent American Community Survey;

(ii) a qualified census tract, as defined under United States Code, title 26, section 42; or

(iii) a census tract, city, township, or county in which ten percent of the population have an annual income of 200 percent or less of the federal poverty level.

(3) Notwithstanding any other law to the contrary, no local matching funds are required from development authorities located in low-income areas in fiscal year 2023 and state funds may be used for 100 percent of the cost of the projects.

(m) $1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(n) $325,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(o) $12,000 each year is for a grant to the Upper Minnesota Film Office.

(p) $500,000 each year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2025.

(q) $4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until expended.

(r) $1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(s) $2,500,000 each year is for Launch Minnesota. This appropriation is available until June 30, 2025. The base in fiscal year 2026 is $0. Of this amount:

(1) $1,500,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) $500,000 each year is for administration of Launch Minnesota; and

(3) $500,000 each year is for grantee activities at Launch Minnesota.

(t) $1,148,000 the first year is for a grant to the Northeast Entrepreneur Fund, a small business administration microlender and community development financial institution operating in northern Minnesota. Grant funds must be used as capital for accessing additional federal lending for small businesses impacted by COVID-19 and must be returned to the commissioner for deposit in the general fund if the Northeast Entrepreneur Fund fails to secure such federal funds before January 1, 2022.

(u) $80,000,000 the first year is for the Main Street Economic Revitalization Loan Program. Of this amount, up to $300,000 is for the commissioner's administration and monitoring of the program. This appropriation is available until June 30, 2025.

(v) $70,000,000 the first year is for the Main Street COVID-19 Relief Grant Program. Of this amount, up to:

(1) $34,950,000 is for grants to the Minnesota Initiative Foundations to serve businesses outside of the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2;

(2) $34,950,000 is for grants to partner organizations to serve businesses inside the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2; and

(3) $100,000 is for the commissioner's administration and monitoring of the program.

(w) $250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(x) $500,000 each year is for the airport infrastructure renewal (AIR) grant program under Minnesota Statutes, section 116J.439. In awarding grants with this appropriation, the commissioner must prioritize eligible applicants that did not receive a grant pursuant to the appropriation in Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, paragraph (q).

(y) $750,000 each year is from the workforce development fund for grants to the Neighborhood Development Center for small business programs, including:

(1) training, lending, and business services;

(2) model outreach and training in greater Minnesota; and

(3) development of new business incubators.

This is a onetime appropriation.

(z) $5,000,000 in the first year is for a grant to Lake of the Woods County for the forgivable loan program for remote recreational businesses. This appropriation is available until April 1, 2022.

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

Sec. 4. Laws 2021, First Special Session chapter 14, article 11, section 42, is amended to read:

Sec. 42. **APPROPRIATION; MEAT PROCESSING BUSINESSES IN REDEVELOPMENT AREA.**

Of an appropriation in fiscal year 2022 for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924, the commissioner of employment and economic development must grant $6,000,000 ~~for one or more grants to any business engaged in the meat processing industry and currently conducting operations in a building or buildings constructed on or before January 1, 1947, and located in a city of the second class that was designated as a redevelopment area by the United States Department of Commerce under the Public Works and Economic Development Act of 1965, Public Law 89-136, title IV, section 401(a)(4). This appropriation includes: site acquisition costs; relocation costs; predesign; design; sewer, water, and stormwater infrastructure; site preparation; engineering; and the cost of improvements to real property locally zoned to allow a meat processing land use that are incurred by any qualified business under this section. A grantee under this section must work in consultation with a local government unit with jurisdiction over the area where the property is located on activities funded by the grant. This is a onetime appropriation. A grant issued under this section is not subject to the grant requirements under Minnesota Statutes, section 116J.9924.~~ to the city of South St. Paul for economic development, redevelopment, and job creation and retention programs and projects. This grant is not subject to the requirements under Minnesota Statutes, chapter 116J.

Sec. 5. **CANCELLATION AND APPROPRIATION.**

(a) All unspent money, estimated to be $889,000, appropriated under Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 2, paragraphs (k) and (l), is canceled to the general fund.

(b) All money canceled under paragraph (a) is appropriated in fiscal year 2023 to the commissioner of employment and economic development for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924. This is a onetime appropriation.

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

ARTICLE 2
ECONOMIC DEVELOPMENT POLICY

Section 1. **[116J.015] EXPIRATION OF REPORT MANDATES.**

(a) If the submission of a report by the commissioner of employment and economic development to the legislature is mandated by law and the enabling legislation does not include a date for the submission of a final report, the mandate to submit the report expires according to this section.

(b) If the mandate requires the submission of an annual report and the mandate was enacted before January 1, 2021, the mandate expires January 1, 2023. If the mandate requires the submission of a biennial or less frequent report and the mandate was enacted before January 1, 2021, the mandate expires January 1, 2024.

(c) Any reporting mandate enacted on or after January 1, 2021, expires three years after the date of enactment if the mandate requires the submission of an annual report and expires five years after the date of enactment if the mandate requires the submission of a biennial or less frequent report unless the enacting legislation provides for a different expiration date.

(d) The commissioner shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development by February 15 of each year, beginning February 15, 2022, a list of all reports set to expire during the following calendar year according to this section.

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

Sec. 2. **[116J.4231] OFFICE OF NEW AMERICANS.**

Subdivision 1. **Office established; purpose.** (a) The Office of New Americans is established within the Department of Employment and Economic Development. The governor must appoint an executive director who serves in the unclassified service. The executive director must hire a program manager and an office assistant, as well as any staff necessary to carry out the office's duties under subdivision 2.

(b) The purpose of the office is to serve immigrants and refugees in Minnesota by:

(1) addressing challenges that face immigrants and refugees in Minnesota, and creating access in economic development and workforce programs and services;

(2) providing interstate agency coordination, policy reviews, and guidance that assist in creating access to immigrants and refugees.

Subd. 2. **Duties.** (a) The office has the duty to:

(1) create and implement a statewide strategy to support immigrant and refugee integration into Minnesota communities;

(2) address the state's workforce needs by connecting employers and job seekers within the immigrant and refugee community;

(3) identify strategies to reduce employment barriers for immigrants and refugees;

(4) ensure equitable opportunities and access to services within state government for immigrants and refugees;

(5) work with state agencies and community and foundation partners to undertake studies and research and analyze economic and demographic trends to better understand and serve the state's immigrant and refugee communities;

(6) coordinate and establish best practices for language access initiatives to all state agencies;

(7) convene stakeholders and make policy recommendations to the governor on issues impacting immigrants and refugees;

(8) promulgate rules necessary to implement and effectuate this section;

(9) provide an annual report, as required by subdivision 3;

(10) perform any other activities consistent with the office's purpose.

Subd. 3. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of New Americans shall report to the legislative committees with jurisdiction over the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) a summary of the office's activities;

(2) suggested policies, incentives, and legislation designed to accelerate the achievement of the duties under subdivision 2;

(3) any proposed legislative and policy initiatives;

(4) the amount and types of grants awarded under subdivision 6; and

(5) any other information deemed necessary and requested by the legislative committees with jurisdiction over the office.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Subd. 4. **Interdepartmental Coordinating Council on Immigrant and Refugee Affairs.** (a) An interdepartmental Coordinating Council on Immigrant and Refugee Affairs is established to advise the Office of New Americans.

(b) The purpose of the council is to identify and establish ways in which state departments and agencies can work together to deliver state programs and services effectively and efficiently to Minnesota's immigrant and refugee populations. The council shall implement policies, procedures, and programs requested by the governor through the state departments and offices.

(c) The council shall be chaired by the executive director of the Office of New Americans and shall be comprised of the commissioners, department directors, or designees, from the following state departments and offices:

(1) the governor's office;

(2) the Department of Administration;

(3) the Department of Employment and Economic Development;

(4) the Department of Human Services;

(5) the Department of Human Services Resettlement Program Office;

(6) the Department of Labor and Industry;

(7) the Department of Health;

(8) the Department of Education;

(9) the Office of Higher Education;

(10) the Department of Public Safety;

(11) the Department of Corrections; and

(12) the Office of New Americans.

(d) Each department or office serving as a member of the council shall designate one staff member as an immigrant and refugee services liaison. The liaisons' responsibilities shall include:

(1) preparation and dissemination of information and services available to immigrants and refugees;

(2) interfacing with the Office of New Americans on issues that impact immigrants and refugees and their communities; and

(3) where applicable, serving as the point of contact for immigrants and refugees accessing resources both within the department and with boards charged with oversight of a profession.

Subd. 5. **No right of action.** Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state; its departments, agencies, or entities; its officers, employees, or agents; or any other person.

Subd. 6. **Grants.** Within the limits of available appropriations, the office may apply for grants for interested state agencies, community partners, and stakeholders under this section to carry out the duties under subdivision 2.

Sec. 3. Minnesota Statutes 2020, section 116J.552, subdivision 6, is amended to read:

Subd. 6. **Municipality.** "Municipality" means the statutory or home rule charter city, town, federally recognized Tribe, or, in the case of unorganized territory, the county in which the site is located.

Sec. 4. Minnesota Statutes 2020, section 116J.8747, is amended to read:

116J.8747 JOB TRAINING PROGRAM GRANT.

Subdivision 1. **Grant allowed.** The commissioner may provide a grant to a qualified job training program from money appropriated for the purposes of this section as follows:

~~(1) an $11,000 placement grant paid to a job training program upon placement in employment of a qualified graduate of the program; and~~

~~(2) an $11,000 retention grant paid to a job training program upon retention in employment of a qualified graduate of the program for at least one year.~~

(1) up to ten percent of the appropriation may be allocated for administrative expenses by the program;

(2) up to 20 percent of the appropriation may be allocated for direct service expenses by the program;

(3) a placement grant paid to a job training program upon placement in employment of a qualified graduate of the job training program as follows:

(i) $2,500 for placement in part-time employment (20 hours a week or more) of at least 150 percent of the state minimum wage hourly;

(ii) $2,500 for placement in full-time employment (32 hours a week or more) at the state minimum wage but below 150 percent of the state minimum wage hourly; and

(iii) $5,000 for placement in full-time employment (32 hours a week or more) of at least 150 percent of the state minimum wage hourly; and

(4) a retention grant paid to a job training program upon retention in employment of a qualified graduate of the job training program for at least one year as follows:

(i) $5,000 for one year of retained part-time employment (20 hours a week or more) of at least 150 percent of the state minimum wage;

(ii) $5,000 for one year of retained full-time employment (32 hours a week or more) at the state minimum wage but below 150 percent of the state minimum wage; and

(iii) $10,000 for one year of retained full-time employment (32 hours a week or more) of at least 150 percent of the state minimum wage hourly.

Subd. 2. **Qualified job training program.** To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program may spend up to $5,500 in total training per participant;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, financial literacy, digital literacy, mathematics, and communications;

(ii) long-term plans for success including participant coaching for two years after placement;

(iii) soft skills, including skills critical to success on the job; and

(iv) access to internships, technology training, personal and emotional intelligence skill development, and other support services;

(4) the program may provide ~~income supplements not to exceed $2,000 per participant~~ support services, when needed, to participants for housing, counseling, tuition, and other basic needs;

(5) individuals served by the program must be 18 years of age or older as of the date of enrollment, and have household income in the six months immediately before entering the program that is 200 percent or less of the federal poverty guideline for Minnesota, based on family size; and

(6) the program must be certified by the commissioner of employment and economic development, or the commissioner's designee, as meeting the requirements of this subdivision.

Subd. 3. **~~Graduation and retention grant~~ Employment requirements.** ~~For purposes of a placement grant under this section, a qualified graduate is a graduate of a job training program qualifying under subdivision 2 who is placed in a job in Minnesota that pays at least the current state minimum wage. To qualify for a retention grant under this section for a retention fee, a job in which the graduate is retained must pay at least the current state minimum wage.~~ (a) For employment to qualify under subdivision 1, the employment must be permanent, unsubsidized, private or public sector employment, eligible for unemployment insurance under section 268.035, or otherwise eligible for unemployment insurance under section 268.035 if hours were above 32 per week.

(b) Programs are limited to one placement and one retention payment for a qualified graduate in a performance program within the two years following a placement or retention payment made under this section.

Subd. 4. **Duties of program.** (a) A program certified by the commissioner under subdivision 2 must comply with the requirements of this subdivision.

(b) A program must maintain and provide upon request records for each qualified graduate in compliance with state record retention requirements. The records must include information sufficient to verify the graduate's eligibility under this section, identify the employer, and describe the job including its compensation rate ~~and~~, benefits, and average hours per week.

(c) A program is subject to the reporting requirements under section 116L.98.

Sec. 5. Minnesota Statutes 2021 Supplement, section 116J.8749, is amended to read:

116J.8749 MAIN STREET ECONOMIC REVITALIZATION PROGRAM.

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

(b) "Borrower" means an eligible recipient receiving a loan guaranteed or capitalized under this section.

(c) "Capitalized loan" means a loan for which the state provides up to 20 percent of the loan funding with the state funds payment subordinate in the event of default.

~~(c)~~ (d) "Commissioner" means the commissioner of employment and economic development.

~~(d)~~ (e) "Eligible project" means the development, redevelopment, demolition, site preparation, predesign, design, engineering, repair, or renovation of real property or capital improvements. Eligible projects must be designed to address the greatest economic development and redevelopment needs that have arisen in the community surrounding that real property since March 15, 2020. Eligible project includes but is not limited to the construction of buildings, infrastructure, and related site amenities, landscaping, or street-scaping. Eligible project does not include the purchase of real estate or business operations or business operating expenses, such as inventory, wages, or working capital.

~~(e)~~ (f) "Eligible recipient" means a:

(1) business;

(2) nonprofit organization; or

(3) developer

that is seeking funding to complete an eligible project. Eligible recipient does not include a partner organization or a local unit of government.

~~(f)~~ (g) "Guaranteed loan" means a loan guaranteed by the state for 80 percent of the loan amount for a maximum period of 15 years from the origination of the loan.

~~(g)~~ (h) "Leveraged grant" means a grant that is matched by the eligible recipient's commitment to the eligible project of nonstate funds at a level of 200 percent of the grant amount. The nonstate match may include but is not limited to funds contributed by a partner organization and insurance proceeds.

~~(h)~~ (i) "Loan guarantee trust fund" means a dedicated account established under this section for the purpose of compensation for defaulted loan guarantees.

(j) "Low-income area" means a census tract that has a poverty rate of at least 20 percent as reported in the most recently completed decennial census published by the United States Bureau of the Census.

~~(i)~~ (k) "Partner organizations" or "partners" means:

(1) foundations engaged in economic development;

(2) community development financial institutions; and

(3) community development corporations.

~~(j)~~ (l) "Program" means the Main Street Economic Revitalization Program under this section.

~~(k)~~ (m) "Subordinated loan" means a loan secured by a lien that is lower in priority than one or more specified other liens.

Subd. 2. **Establishment.** The commissioner shall establish the Main Street Economic Revitalization Program to make grants to partner organizations to fund leveraged grants, capitalized loans, and guaranteed loans to specific named eligible recipients for eligible projects that are designed to address the greatest economic development and redevelopment needs that have arisen in the surrounding community since March 15, 2020.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to partner organizations to provide leveraged grants, capitalized loans, and guaranteed loans to eligible recipients using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) To be eligible for a grant, a partner organization must:

(1) outline a plan to provide leveraged grants, capitalized loans, and guaranteed loans to eligible recipients for specific eligible projects that represent the greatest economic development and redevelopment needs in the surrounding community. This plan must include an analysis of the economic impact of the eligible projects the partner organization proposes to make these investments in;

(2) establish a process of ensuring there are no conflicts of interest in determining awards under the program; and

(3) demonstrate that the partner organization has raised funds for the specific purposes of this program to commit to the proposed eligible projects or will do so within the 15-month period following the encumbrance of funds. Existing assets and state or federal funds may not be used to meet this requirement.

(c) Grants shall be made in up to three rounds:

(1) a first round with an application date before September 1, 2021, during which no more than 50 percent of available funds will be granted;

(2) a second round with an application date after September 1, 2021, but before March 1, 2022; and

(3) a third round with an application date after June 30, 2023, if any funds remain after the first two rounds.

A partner may apply in multiple rounds for projects that were not funded in earlier rounds or for new projects.

(d) Up to four percent of a grant under this subdivision may be used by the partner organization for administration and monitoring of the program.

Subd. 4. **Award criteria.** In awarding grants under this section, the commissioner shall give funding preference to applications that:

(1) have the greatest regional economic impact under subdivision 3, paragraph (b), clause (1), particularly with regard to increasing the local tax base; and

(2) have the greatest portion of the estimated cost of the eligible projects met through nonstate funds.

Subd. 5. **Leveraged grants to eligible recipients.** (a) A leveraged grant to an eligible recipient shall be for no more than $750,000.

(b) A leveraged grant may be used to finance no more than 30 percent of an eligible project.

(c) An eligible project must have secured commitments for all required matching funds and all required development approvals before a leveraged grant may be distributed.

(d) The commissioner may waive the matching fund requirement for projects located in low-income areas.

Subd. 6. **Capitalized and guaranteed loans to eligible recipients.** (a) A capitalized or guaranteed loan to an eligible recipient must:

(1) be for no more than $2,000,000; and

(2) be for a term of no more than 15 years~~; and~~.

~~(3)~~ (b) All capitalized loans shall comply with the terms under subdivision 6a and all guaranteed loans shall comply with the terms under subdivision 7.

~~(b)~~ (c) An eligible project must have all required development approvals before a capitalized or guaranteed loan may be distributed.

(d) Upon origination of a capitalized loan, the commissioner shall authorize disbursement of up to 20 percent of the loan amount to the partner organization.

~~(c)~~ (e) Upon origination of a guaranteed loan, the commissioner must reserve ten percent of the loan amount into the loan guarantee trust fund created under subdivision 8.

~~(d)~~ (f) No capitalized or guaranteed loan may be made to an eligible recipient after December 31, 2024.

Subd. 6a. **Required terms for capitalized loans.** For a capitalized loan under the program:

(1) principal and interest payments made by the borrower under the terms of the loan shall be allocated first to the nonstate portion of the loan and second to the state portion of the loan;

(2) the partner organization shall not accelerate repayment of the loan or exercise other remedies if the borrower defaults, unless:

(i) the borrower fails to make a required payment of principal or interest within 60 days of the due date; or

(ii) the commissioner consents in writing;

(3) the partner organization must timely prepare and deliver to the commissioner, annually by the date specified in the loan agreement, an audited or reviewed financial statement for the loan, prepared by a certified public accountant according to generally accepted accounting principles, if available, and documentation that the borrower used the loan proceeds solely for an eligible project;

(4) the commissioner shall have access to loan documents at any time subsequent to the loan documents being submitted to the partner organization;

(5) the partner organization must maintain adequate records and documents concerning the loan so that the commissioner may determine the borrower's financial condition and compliance with program requirements;

(6) the state portion of the loan may be subordinate to other loans made by lenders in the overall financing package; and

(7) repayments of the state portion of the loan may be retained by the partner organization for capitalizing additional redevelopment projects.

Subd. 7. **Required terms for guaranteed loans.** For a guaranteed loan under the program:

(1) principal and interest payments made by the borrower under the terms of the loan are to reduce the guaranteed and nonguaranteed portion of the loan on a proportionate basis.

The nonguaranteed portion shall not receive preferential treatment over the guaranteed portion;

(2) the partner organization shall not accelerate repayment of the loan or exercise other remedies if the borrower defaults, unless:

(i) the borrower fails to make a required payment of principal or interest within 60 days of the due date; or

(ii) the commissioner consents in writing;

(3) in the event of a default, the partner organization may not make a demand for payment pursuant to the guarantee unless the commissioner agrees in writing that the default has materially affected the rights or security of the parties;

(4) the partner organization must timely prepare and deliver to the commissioner, annually by the date specified in the loan guarantee, an audited or reviewed financial statement for the loan, prepared by a certified public accountant according to generally accepted accounting principles, if available, and documentation that the borrower used the loan proceeds solely for an eligible project;

(5) the commissioner shall have access to loan documents at any time subsequent to the loan documents being submitted to the partner organization;

(6) the partner organization must maintain adequate records and documents concerning the loan so that the commissioner may determine the borrower's financial condition and compliance with program requirements;

(7) orderly liquidation of collateral securing the loan must be provided for in the event of default, pursuant to the loan guarantee; and

(8) the guaranteed portion of the loan may be subordinate to other loans made by lenders in the overall financing package.

Subd. 8. **Loan guarantee trust fund established.** A loan guarantee trust fund account in the special revenue fund is created in the state treasury to pay for defaulted loan guarantees. The commissioner shall administer this account. The day that this section expires, all remaining funds in the account are canceled to the general fund.

Subd. 9. **Statewide program.** In proportion to eligible demand, leveraged grants, capitalized loans, and guaranteed loans under this section shall be made so that an approximately equal dollar amount of leveraged grants, capitalized loans, and guaranteed loans are made to businesses in the metropolitan area as in the nonmetropolitan area, not to exceed 65 percent in any one area. After June 30, 2023, the department may allow leveraged grants, capitalized loans, and guaranteed loans to be made anywhere in the state without regard to geographic area.

Subd. 10. **Exemptions.** All grants and grant-making processes under this section are exempt from Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner must audit the use of funds under this section in accordance with standard accounting practices. The exemptions under this subdivision expire on December 31, 2023.

Subd. 11. **Reports.** (a) By January 31, 2022, and annually until December 31, 2026, after which biennial reporting will be permitted after the commissioner consults with the legislature, partner organizations participating in the program must provide a report to the commissioner that includes descriptions of the eligible projects supported by the program, the type and amount of support provided, any economic development gains attributable to the support, and an explanation of administrative expenses.

(b) By February 15, 2022, and annually until December 31, 2026, after which biennial reporting will be permitted after the commissioner consults with the legislature, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about funding provided under this program based on the information received under paragraph (a) and about the performance of the loan guarantee trust fund.

Subd. 12. **Expiration.** This section expires December 31, 2036.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2021.

Sec. 6. **[116J.8751] SPARK SMALL BUSINESS LOAN PROGRAM.**

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

(b) "Account" means the spark small business loan program account created under subdivision 5.

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

(d) "Community business" means a cooperative, an employee-owned business, or a commercial land trust that is at least 51 percent owned by individuals from targeted groups.

(e) "Immigrant" means a lawful permanent resident who has been in the United States for a maximum of seven years at the time of application.

(f) "Partner organization" means a community development financial institution or nonprofit corporation.

(g) "Program" means the spark small business loan program established under this section.

(h) "Targeted groups" means people who are Black, Indigenous, People of Color, immigrants, low income, women, veterans, or people with disabilities.

Subd. 2. **Establishment.** The spark small business loan program is established to award grants to partner organizations to fund loans statewide to businesses that employ the equivalent of 50 full-time workers or less, to encourage private investment, provide jobs, create and strengthen business enterprises, and promote economic development.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall award grants to partner organizations through a competitive grant process where applicants apply using a form designed by the commissioner. In evaluating applications, the commissioner must consider, among other things, whether the applicant:

(1) has a board of directors that includes citizens experienced in business and community development and creating jobs;

(2) has the technical skills to analyze projects;

(3) is familiar with other available public and private funding sources and economic development programs;

(4) can initiate and implement economic development projects;

(5) can establish and administer a revolving loan account or has operated a revolving loan account; and

(6) can work with job referral networks.

(b) The commissioner shall ensure that, to the extent there is sufficient eligible demand, loans are made to businesses inside and outside the metropolitan area, as defined in section 473.121, subdivision 2, in a manner approximating each region's proportion of the state population. After March 31 of each fiscal year, the commissioner may allow loans to be made anywhere in the state without regard to geographic area.

(c) Partner organizations that receive grants under this subdivision may use up to ten percent of the award for administrative expenses, including providing specialized technical and legal assistance, either directly or through partnership with nonprofit organizations, to businesses eligible to apply for loans under this program.

(d) The commissioner shall review existing agreements with partner organizations every five years and may renew or terminate the agreement based on that review. In making the review, the commissioner shall consider, among other criteria, the criteria in paragraph (a).

Subd. 4. **Loans to businesses.** (a) A partner organization that receives a grant under subdivision 3 shall establish a plan for making loans to businesses. The plan requires approval by the commissioner.

(b) Under the plan:

(1) the partner organization shall establish a commissioner-certified revolving loan fund for the purpose of making loans to businesses;

(2) loans shall be for projects that are unlikely to be undertaken unless a loan is received under the program;

(3) a partner organization may not make a loan to a project in which it has an ownership interest;

(4) the state contribution to each loan shall be no less than $5,000 and no more than:

(i) $35,000 if the loan is for a retail development project;

(ii) $600,000 if the loan is for a community business; and

(iii) $150,000 for all other loans;

(5) the interest rate on a loan shall not be higher than the Wall Street Journal prime rate and may be zero;

(6) loans shall be for a maximum term of seven years;

(7) the partner organization may charge a loan origination fee of no more than one percent of the loan value and may retain that origination fee;

(8) a loan application given preliminary approval by the partner organization must be forwarded to the commissioner for final approval;

(9) repayments may be deferred for up to one year if justified by the project proposed and approved by the commissioner;

(10) all repayments of interest on loans shall be deposited in the partner organization's revolving loan fund for use in making further loans consistent with this section;

(11) all repayments of loan principal must be paid to the commissioner for deposit in the spark small business loan program account; and

(12) up to ten percent of a loan's principal amount may be forgiven if the commissioner approves and the borrower has met lender criteria, including being current with all payments.

Subd. 5. **Creation of account.** A spark small business loan program account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for the grants under this section. Annually, the commissioner may use an amount equal to no more than four percent of the value of grants made in the previous year for the administrative costs of the program. In fiscal year 2023, the commissioner may use $500,000 for administration. Notwithstanding section 16A.28, money deposited in the account from any source is available until expended.

Subd. 6. **Reporting requirements.** (a) A partner organization that receives a grant shall:

(1) submit an annual report to the commissioner by February 15 of each year, beginning in 2024, that includes a description of businesses supported by the program, an account of loans made during the calendar year, the program's impact on business enterprises and job creation, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

(b) By March 1 of each year, beginning in 2024, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development on program outcomes, including copies of all reports and audits received under paragraph (a).

Sec. 7. Minnesota Statutes 2020, section 116J.8770, is amended to read:

116J.8770 EQUITY INVESTMENTS.

The commissioner may invest funds from the capital access account to make equity investments in ~~community development~~ early stage and venture capital funds for the purpose of providing capital for small and emerging businesses. The ~~community development~~ early stage and venture capital fund must have experience in equity investments with small businesses and the ability to raise private capital.

Sec. 8. Minnesota Statutes 2021 Supplement, section 116J.9924, subdivision 4, is amended to read:

Subd. 4. **Grant amount; project phasing.** (a) The commissioner shall award grants in an amount not to exceed ~~$1,500,000~~ $3,000,000 per grant.

(b) A grant awarded under this section must be no less than the amount required to complete one or more phases of the project, less any nonstate funds already committed for such activities.

Sec. 9. **[116J.9926] EMERGING DEVELOPER FUND PROGRAM.**

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

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

(c) "Disadvantaged community" means a community where the median household income is less than 80 percent of the area median income.

(d) "Eligible project" means a project that is based in Minnesota and meets one or more of the following criteria:

(1) it will stimulate community stabilization or revitalization;

(2) it will be located within a census tract identified as a disadvantaged community or low-income community;

(3) it will directly benefit residents of a low-income household;

(4) it will increase the supply and improve the condition of affordable housing and homeownership;

(5) it will support the growth needs of new and existing community-based enterprises that promote economic stability or improve the supply or quality of job opportunities; or

(6) it will promote wealth creation, including by being a project in a neighborhood traditionally not served by real estate developers.

(e) "Emerging developer" means a developer who:

(1) has limited access to loans from traditional financial institutions; or

(2) is a new or smaller developer who has engaged in educational training in real estate development; and

(3) is either a:

(i) minority as defined in section 116M.14, subdivision 6;

(ii) woman;

(iii) person with a disability, as defined in section 116M.14, subdivision 9; or

(iv) low-income person.

(f) "Low-income person" means a person who:

(1) has a household income at or below 200 percent of the federal poverty level; or

(2) has a family income that does not exceed 60 percent of the area median income as determined by the United States Department of Housing and Urban Development.

(g) "Partner organization" means a community development financial institution or a similarly qualified nonprofit corporation, as determined by the commissioner.

(h) "Program" means the emerging developer fund program created under this section.

Subd. 2. **Establishment.** The commissioner shall establish an emerging developer fund program to make grants to partner organizations to make loans to emerging developers for eligible projects to transform neighborhoods statewide and promote economic development and the creation and retention of jobs in Minnesota. The program must also reduce racial and socioeconomic disparities by growing the financial capacity of emerging developers.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall design a competitive process to award grants to partner organizations to make loans to emerging developers under subdivision 4.

(b) A partner organization may use up to ten percent of grant funds for the administrative costs of the program.

Subd. 4. **Loans to emerging developers.** (a) Through the program, partner organizations shall offer emerging developers predevelopment, construction, and bridge loans for eligible projects according to a plan submitted to and approved by the commissioner.

(b) Predevelopment loans must be for no more than $50,000. All other types of loans must be for no more than $500,000.

(c) Loans must be for a term set by the partner organization and approved by the commissioner of no less than six months and no more than five years, depending on the use of loan proceeds.

(d) Loans must be for zero interest or an interest rate of no more than the Wall Street Journal prime rate, as determined by the partner organization and approved by the commissioner based on the individual project risk and type of loan sought.

(e) Loans must have flexible collateral requirements compared to traditional loans, but may require a personal guaranty from the emerging developer and may be largely unsecured when the appraised value of the real estate is low.

(f) Loans must have no prepayment penalties and are expected to be repaid from permanent financing or a conventional loan, once that is secured.

(g) Loans must have the ability to bridge many types of receivables, such as tax credits, grants, developer fees, and other forms of long-term financing.

(h) At the partner organization's request and the commissioner's discretion, an emerging developer may be required to work with an experienced developer or professional services consultant who can offer expertise and advice throughout the development of the project.

(i) All loan repayments must be paid into the emerging developer fund account created in this section to fund additional loans.

Subd. 5. **Eligible expenses.** (a) The following are eligible expenses for a predevelopment loan under the program:

(1) earnest money or purchase deposit;

(2) building inspection fees and environmental reviews;

(3) appraisal and surveying;

(4) design and tax credit application fees;

(5) title and recording fees;

(6) site preparation, demolition, and stabilization;

(7) interim maintenance and project overhead;

(8) property taxes and insurance;

(9) construction bonds or letters of credit;

(10) market and feasibility studies; and

(11) professional fees.

(b) The following are eligible expenses for a construction or bridge loan under the program:

(1) land or building acquisition;

(2) construction-related expenses;

(3) developer and contractor fees;

(4) site preparation and demolition;

(5) financing fees, including title and recording;

(6) professional fees;

(7) carrying costs;

(8) construction period interest;

(9) project reserves; and

(10) leasehold improvements and equipment purchase.

Subd. 6. **Emerging developer fund account.** An emerging developer fund account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants to partner organizations to make loans under this section.

Subd. 7. **Reports to the legislature.** (a) By January 15 of each year, beginning in 2024, each partner organization shall submit a report to the commissioner on the use of program funds and program outcomes.

(b) By February 15 of each year, beginning in 2024, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on the use of program funds and program outcomes.

Sec. 10. Minnesota Statutes 2020, section 116J.993, subdivision 3, is amended to read:

Subd. 3. **Business subsidy.** "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) a business subsidy of less than $150,000;

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;

(6) assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

(11) workers' compensation and unemployment insurance;

(12) benefits derived from regulation;

(13) indirect benefits derived from assistance to educational institutions;

(14) funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(15) assistance for a collaboration between a Minnesota higher education institution and a business;

(16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature;

(19) federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

(20) funds from dock and wharf bonds issued by a seaway port authority;

(21) business loans and loan guarantees of $150,000 or less;

(22) federal loan funds provided through the United States Department of Commerce, Economic Development Administration, Department of the Treasury; and

(23) property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Sec. 11. Minnesota Statutes 2020, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients.

Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions or to workforce development intermediaries for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

(1) provide employment with benefits paid to employees;

(2) provide employment where there are defined career paths for trainees;

(3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and

(4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies.

Pathways projects must demonstrate the active involvement and financial commitment of ~~private~~ participating business. Pathways projects must be matched with cash or in-kind contributions on at least a one-half-to-one ratio by participating ~~private~~ business.

A single grant to any one institution shall not exceed $400,000. A portion of a grant may be used for preemployment training.

Sec. 12. Minnesota Statutes 2020, section 116L.17, subdivision 1, is amended to read:

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

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

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

(5) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran;

(6) is an individual determined by the United States Department of Labor to be covered by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331, as amended; or

(7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and ~~now~~ due to divorce, separation, death, or disability of that person, must now find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

For the purposes of this section, "dislocated worker" does not include an individual who was an employee, at the time employment ceased, of a political committee, political fund, principal campaign committee, or party unit, as those terms are used in chapter 10A, or an organization required to file with the federal elections commission.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Sec. 13. Minnesota Statutes 2020, section 116L.98, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Credential" means ~~postsecondary~~ degrees, diplomas, licenses, and certificates awarded in recognition of an individual's attainment of measurable technical or occupational skills necessary to obtain employment or advance with an occupation. This definition does not include ~~certificates awarded by workforce investment boards or~~ work-readiness certificates.

(c) "Exit" means to have not received service under a workforce program for 90 consecutive calendar days. The exit date is the last date of service.

(d) "Net impact" means the use of matched control groups and regression analysis to estimate the impacts attributable to program participation net of other factors, including observable personal characteristics and economic conditions.

(e) "Pre-enrollment" means the period of time before an individual was enrolled in a workforce program.

Sec. 14. Minnesota Statutes 2020, section 116L.98, subdivision 3, is amended to read:

Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December 31 of each even-numbered year, the commissioner must report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information separately for each of the previous two fiscal or calendar years, for each program subject to the requirements of subdivision 1:

(1) the total number of participants enrolled;

(2) the median pre-enrollment wages based on participant wages for the second through the fifth calendar quarters immediately preceding the quarter of enrollment excluding those with zero income;

(3) the total number of participants with zero income in the second through fifth calendar quarters immediately preceding the quarter of enrollment;

(4) the total number of participants enrolled in training;

(5) the total number of participants enrolled in training by occupational group;

(6) the total number of participants that exited the program and the average enrollment duration of participants that have exited the program during the year;

(7) the total number of exited participants who completed training;

(8) the total number of exited participants who attained a credential;

(9) the total number of participants employed during three consecutive quarters immediately following the quarter of exit, by industry;

(10) the median wages of participants employed during three consecutive quarters immediately following the quarter of exit;

(11) the total number of participants employed during eight consecutive quarters immediately following the quarter of exit, by industry; and

(12) the median wages of participants employed during eight consecutive quarters immediately following the quarter of exit~~;~~.

~~(13) the total cost of the program;~~

~~(14) the total cost of the program per participant;~~

~~(15) the cost per credential received by a participant; and~~

~~(16) the administrative cost of the program.~~

(b) The report to the legislature must contain participant information by education level, race and ethnicity, gender, and geography, and a comparison of exited participants who completed training and those who did not.

(c) The requirements of this section apply to programs administered directly by the commissioner or administered by other organizations under a grant made by the department.

Sec. 15. **CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** The Northland Foundation and the Northwest Minnesota Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding grants to the Northland Foundation and the Northwest Minnesota Foundation for the relief program under this section:

(1) the Northland Foundation and the Northwest Minnesota Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

(2) the Northland Foundation and the Northwest Minnesota Foundation must submit criteria, procedures, and requirements developed under clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is $50,000 per business.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least 20 percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

Subd. 4. **Monitoring.** (a) The Northland Foundation and the Northwest Minnesota Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

(2) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full time or part time, and the status of the jobs as temporary or permanent;

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the Northland Foundation's and the Northwest Minnesota Foundation's compliance with this section and the performance measures developed under paragraph (a).

(c) The Northland Foundation and the Northwest Minnesota Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals and wage and benefit goals.

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to three percent of the appropriation made for this section for administrative expenses of the department.

EFFECTIVE DATE. This section is effective July 1, 2022, and expires June 30, 2023.

Sec. 16. **SMALL BUSINESS RECOVERY GRANT PROGRAM.**

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

(b) "Business" means both for-profit businesses and nonprofit organizations that earn revenue in ways similar to businesses, including but not limited to ticket sales and membership fees.

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

(d) "Partner organization" or "partner" means the Minnesota Initiative Foundations and nonprofit corporations on the certified lenders list that the commissioner determines to be qualified to provide grants to businesses under this section.

(e) "Program" means the small business recovery grant program under this section.

Subd. 2. **Establishment.** The commissioner shall establish the small business recovery grant program to make grants to partner organizations to provide grants to businesses that have been directly or indirectly impacted by the COVID-19 pandemic and other economic challenges.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to partner organizations to provide grants to businesses under subdivision 4 using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) The commissioner must, to the degree practical, grant an equal amount of money to partner organizations serving the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, as the commissioner grants to organizations serving greater Minnesota.

(c) Up to four percent of a grant under this subdivision may be used by the partner organization for administration and monitoring of the program.

(d) Any money not spent by partner organizations by December 31, 2023, must be returned to the commissioner and canceled back to the general fund.

Subd. 4. **Grants to businesses.** (a) Partners shall make grants to businesses using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) To be eligible for a grant under this subdivision, a business must:

(1) have primary business operations located in Minnesota;

(2) be at least 50 percent owned by a resident of Minnesota;

(3) employ the equivalent of 50 full-time workers or less;

(4) be able to demonstrate financial hardship during 2021 or 2022;

(5) include as part of the application a business plan for continued operation; and

(6) primarily do business in one or more of the industries listed under subdivision 5.

(c) Grants under this subdivision shall be awarded by randomized selection process after applications are collected over a period of no more than ten calendar days.

(d) Grants under this subdivision must be for up to $25,000 per business.

(e) No business may receive more than one grant under this section.

(f) Grant money must be used for working capital to support payroll expenses, rent or mortgage payments, utility bills, and other similar expenses that occur or have occurred since January 1, 2022, in the regular course of business, but not to refinance debt that existed at the time of the governor's COVID-19 peacetime emergency declaration.

Subd. 5. **Eligible industries.** To be eligible for a grant under subdivision 4, a business must primarily do business in one or more of the following industries:

(1) serving food or beverages, such as restaurants, cafes, bars, breweries, wineries, and distilleries;

(2) personal services, such as hair care, nail care, skin care, or massage;

(3) indoor entertainment, such as a business providing arcade games, escape rooms, or indoor trampoline parks;

(4) indoor fitness and recreational sports centers, such as gyms, fitness studios, indoor ice rinks, and indoor swimming pools;

(5) wellness and recreation, such as the teaching of yoga, dance, or martial arts;

(6) catering services;

(7) temporary lodging, such as hotels and motels; or

(8) performance venues.

Subd. 6. **Distribution of awards.** Of grant funds awarded under subdivision 4, a minimum of:

(1) $15,000,000 must be awarded to businesses that employ the equivalent of six full-time workers or less;

(2) $10,000,000 must be awarded to minority business enterprises, as defined in Minnesota Statutes, section 116M.14, subdivision 5;

(3) $2,500,000 must be awarded to businesses that are majority owned and operated by veterans as defined in Minnesota Statutes, section 197.447; and

(4) $2,500,000 must be awarded to businesses that are majority owned and operated by women.

Subd. 7. **Exemptions.** All grants and grant-making processes under this section are exempt from Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner must audit the use of grant money under this section in accordance with standard accounting practices. This subdivision expires on December 31, 2023.

Subd. 8. **Reports.** (a) By January 31, 2024, partner organizations participating in the program must provide a report to the commissioner that includes descriptions of the businesses supported by the program, the amounts granted, and an explanation of administrative expenses.

(b) By February 15, 2024, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about grants made under this section based on the information received under paragraph (a).

Sec. 17. **ENCUMBRANCE EXCEPTION.**

Notwithstanding Minnesota Statutes, section 16B.98, subdivision 5, paragraph (a), clause (2), or 16C.05, subdivision 2, paragraph (a), clause (3), the commissioner of employment and economic development may permit grant recipients of the Minnesota investment fund program under Minnesota Statutes, section 116J.8731; the job creation fund program under Minnesota Statutes, section 116J.8748; and the border-to-border broadband program under Minnesota Statutes, section 116J.395, to incur eligible expenses based on an agreed upon work plan and budget for up to 90 days prior to an encumbrance being established in the accounting system.

EFFECTIVE DATE. This section is effective the day following final enactment and expires on June 30, 2025.

Sec. 18. **REPEALER.**

Minnesota Statutes 2021 Supplement, section 116J.9924, subdivision 6, is repealed.

116J.9924 TARGETED COMMUNITY CAPITAL PROJECT GRANT PROGRAM.

Subd. 6. **Applicability of other laws.** The provisions of chapter 16A that apply to general fund appropriations for capital projects also apply to grants under this section. Money granted under this section is available until the project is completed or abandoned subject to section 16A.642.