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State of Minnesota

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HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 4673

05/13/2020 Authored by Marquart
The bill was read for the first time and referred to the Committee on Ways and Means
05/15/2020 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

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

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

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

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

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

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

1.12 (d) "Eligible city" means a city with a population of 500 or more.

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

1.14 (f) "Eligible town" means an organized town with a population of 500 or more.

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

1.19 (h) "Economic support" means assistance to small businesses with costs of business
1.20 interruptions caused by required closures due to COVID-19. Economic support includes
1.21 but is not limited to assistance to businesses that close voluntarily to promote social distancing

2.1 guidelines and businesses impacted by decreased customer demand as a result of the  
2.2 COVID-19 health emergency.

2.3 (i) "Local government" means a city, county, or town.

2.4 (j) "Population" means the most recently available 2018 population estimate from the  
2.5 state demographer as of May 1, 2020.

2.6 Subd. 2. **Local government distribution amounts.** (a) The distribution amount for an  
2.7 eligible town equals \$25 multiplied by the town's total population.

2.8 (b) The distribution for an eligible city is equal to a dollar amount per capita that is the  
2.9 same for all eligible cities. The commissioner shall determine the per capita dollar amount  
2.10 so that the total paid under this paragraph is equal to the amount available under subdivision  
2.11 9, paragraph (b), minus the amount paid under paragraph (a).

2.12 (c) The distribution amount for an eligible county is equal to the sum of: (1) a dollar  
2.13 amount multiplied by the total county population; and (2) \$21.91 multiplied by the population  
2.14 within the county located outside of an eligible city or town. The dollar amount in clause  
2.15 (1) shall be the same amount for all eligible counties and shall be determined by the  
2.16 commissioner so that the total paid under this paragraph is equal to the amount available  
2.17 under subdivision 9, paragraph (c).

2.18 Subd. 3. **Distribution schedule.** The commissioner must distribute the amounts calculated  
2.19 under subdivision 2 no later than June 15, 2020.

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

2.25 (b) Notwithstanding paragraph (a), a county must use at least 18 percent of the aid it  
2.26 receives under this section for emergency financial assistance to individuals and families  
2.27 or for economic support to businesses.

2.28 (c) A city or town with a population less than 500 may apply to a county for a grant, to  
2.29 be paid from the county aid distribution under subdivision 2 to cover costs incurred by the  
2.30 city or town that are allowed uses under paragraph (a). The county may require the city or  
2.31 town to provide sufficient information to demonstrate that the cost incurred meets the  
2.32 requirements of title V of Public Law 116-136. Upon appropriate documentation, the county  
2.33 must make a grant of up to the lesser of: (1) \$25 multiplied by the population of the city or

3.1 town located in the county; or (2) the amount of documented allowed costs. The county, at  
3.2 its discretion, may increase the grant above this amount, but to no more than the amount of  
3.3 documented allowed costs. Any application for a grant under this paragraph must be made  
3.4 no later than September 1, 2020, and any grants made under this subdivision must be paid  
3.5 to the city or town no later than September 20, 2020.

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

3.11 Subd. 6. **Expenditure time limits.** (a) Any aid amount remaining unencumbered by a  
3.12 local government on October 1, 2020, must be returned to the commissioner and is canceled  
3.13 to the coronavirus relief federal fund.

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

3.18 Subd. 7. **Repayment of improperly spent federal funds.** (a) The commissioner must  
3.19 recoup money from a local government that receives aid under this section if:

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

3.22 (2) the recoupment is the result of the failure of a local government to expend money  
3.23 distributed under this section consistent with the requirements of title V of Public Law  
3.24 116-136.

3.25 (b) The commissioner must certify the amount to be repaid by each local government.  
3.26 The amount of the repayment required from each local government must be equal to the  
3.27 state recoupment amount attributable to that local government. For the purpose of this  
3.28 paragraph, "state recoupment amount" means the total of the amounts determined under  
3.29 paragraph (a).

3.30 (c) If a local government fails to repay the required amount to the state in full within 90  
3.31 days of the commissioner's certification under paragraph (b), the local government must  
3.32 include in its next certified levy amount under Minnesota Statutes, section 275.07, an amount  
3.33 sufficient to fully repay the amount owed. The portion of the levy attributable to repayment

4.1 under this subdivision is a special levy for the purposes of Minnesota Statutes, section  
4.2 275.70, subdivision 5. The local government must repay the commissioner in full no later  
4.3 than December 15 of the year in which the taxes are payable.

4.4 (d) Any amounts recouped by the state must be credited to the fund from which the state  
4.5 paid the amounts recouped by the Department of the Treasury.

4.6 Subd. 8. **Onetime grants.** (a) The commissioner may make onetime grants to a local  
4.7 government from the money allotted under subdivision 9, paragraph (d). The grants may  
4.8 be used for any allowed purpose under title V of Public Law 116-136, but preference shall  
4.9 be given to the following purposes:

4.10 (1) to a city, town, or county with high outbreaks of coronavirus;

4.11 (2) to a city, town, or county with new and unanticipated costs associated with  
4.12 COVID-19; and

4.13 (3) to a city, town, or county establishing or conducting a recovery project or a recovery  
4.14 coordination office related to the effects of COVID-19.

4.15 (b) The commissioner of revenue may consult with the commissioner of health and the  
4.16 commissioner of employment and economic development to develop guidelines and forms  
4.17 for accepting applications and awarding grants under this subdivision by July 15, 2020. The  
4.18 grant application must include a plan for spending the grant. Applications may be taken  
4.19 from August 1, 2020, through December 1, 2020. Grants may only be expended for costs  
4.20 incurred by the local government during the period beginning March 1, 2020, and ending  
4.21 December 30, 2020. Any unencumbered amount must be returned to the commissioner of  
4.22 revenue by December 30, 2020, and is canceled to the coronavirus relief federal fund.

4.23 Subd. 9. **Appropriations.** (a) \$667,156,931 in fiscal year 2020 is appropriated from the  
4.24 coronavirus relief federal fund to the commissioner of revenue for aid distributions and  
4.25 grants under this section. This is a onetime appropriation but the portion allocated for grants  
4.26 under paragraph (d) may be used through December 30, 2020.

4.27 (b) A total of \$255,187,800 of the appropriation in paragraph (a) must be used for aids  
4.28 to eligible towns and cities under subdivision 2, paragraphs (a) and (b).

4.29 (c) A total of \$311,896,090 of the appropriation in paragraph (a) must be used for aids  
4.30 to eligible counties under subdivision 2, paragraph (c).

4.31 (d) The remainder of the appropriation under paragraph (a), after payments to eligible  
4.32 towns, cities, and counties, shall be retained by the commissioner and used to make grants  
4.33 under subdivision 8.

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