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State of Minnesota

HOUSE OF REPRESENTATIVES

SPECIAL SESSION

H. F. No. 87

06/15/2020 Authored by Her, Lee, Moran, Noor, Winkler and others
The bill was read for the first time and referred to the Committee on Taxes
06/18/2020 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to local government; establishing the Metropolitan Area Redevelopment
1.3 Corporation; providing for certain tax revenues; providing powers and duties to
1.4 the corporation; requiring a report; appropriating money; proposing coding for
1.5 new law as Minnesota Statutes, chapter 473K.

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

1.7 Section 1. 473K.01] DEFINITIONS.

1.8 Subdivision 1. Application. For the purposes of this chapter, the terms defined in this
1.9 section have the meanings given them.

1.10 Subd. 2. Board. "Board" means the governing body of the corporation or Metropolitan
1.11 Area Redevelopment Corporation established in section 473K.03.

1.12 Subd. 3. Bonds. "Bonds" means obligations as defined in section 475.51, subdivision
1.13 3.

1.14 Subd. 4. City. "City" means a statutory or home rule charter city in the metropolitan
1.15 area. Until December 31, 2025, "city" means only the cities included in Executive Order
1.16 No. 20-64. Thereafter, "city" includes any city in the metropolitan area.

1.17 Subd. 5. Metropolitan area. "Metropolitan area" means the counties of Anoka, Carver,
1.18 Dakota, Hennepin, Ramsey, Scott, and Washington.

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

2.1 Sec. 2. **[473K.03] METROPOLITAN AREA REDEVELOPMENT CORPORATION.**

2.2 Subdivision 1. **Findings; creation; purpose.** The legislature finds that the adverse
2.3 impacts of past and ongoing racial discrimination in the metropolitan area in all areas of
2.4 life, including economic and small business development, health, education, and housing,
2.5 requires creation of a public entity that is led by people of color and indigenous people to
2.6 bring specific, personal knowledge and experience to the work of addressing the adverse
2.7 impacts. The Metropolitan Area Redevelopment Corporation is established as a public
2.8 corporation and political subdivision of the state with jurisdiction in the metropolitan area.
2.9 The corporation shall identify and address the adverse impacts of racial discrimination in
2.10 the metropolitan area by facilitating access by people of color and indigenous people to
2.11 resources for development of health care facilities and services, small businesses, safe and
2.12 affordable housing, and other benefits of society that have historically been unavailable to
2.13 them due to systemic barriers. The corporation shall foster equitable economic development
2.14 to prevent gentrification and displacement of low-income residents, homes, and small
2.15 businesses owned by people of color and indigenous people. The corporation shall foster
2.16 enterprise development and wealth creation in communities adversely affected by racial
2.17 discrimination and poverty.

2.18 Subd. 2. **Membership; qualifications; appointment.** (a) The board of the corporation
2.19 consists of nine members appointed by the Executive Council. Until appointments made
2.20 after December 31, 2025, each member appointed must live in an area of a city that was
2.21 affected by the civil unrest between May 26, 2020, and June 10, 2020. For appointments
2.22 made after December 31, 2025, a member may be from any part of the metropolitan area.

2.23 (b) Each appointee must be a person of color or an Indigenous person. At least five
2.24 members must have an interest in and knowledge of the needs of the areas affected by the
2.25 civil unrest. At least four members must have experience with or knowledge of public health,
2.26 economic development, urban redevelopment, nonprofit finance, and community
2.27 empowerment. The appointing authority is encouraged to also consider a candidate's
2.28 experience as a leader in community-based organizations working on economic development.

2.29 Subd. 3. **Chair; other officers.** The chair of the corporation shall be selected by and
2.30 from among members of the corporation to serve a one-year term. The chair may be
2.31 reappointed by the members.

2.32 Subd. 4. **Terms.** The initial terms of five members, determined by lot, shall end the first
2.33 Monday in January 2024. The initial terms of four members, determined by lot, shall end

3.1 the first Monday in January 2022. Thereafter, each member shall serve a four-year term
3.2 and until the member's successor is appointed. A member may be reappointed.

3.3 Subd. 5. **Vacancies.** A vacancy occurs as provided in section 351.02 or upon a member's
3.4 removal under subdivision 6. A vacancy must be filled by the appointing authority in
3.5 subdivision 2 for the balance of the term in the same manner as a regular appointment.

3.6 Subd. 6. **Removal.** A member may be removed by the board for inefficiency, neglect
3.7 of duty, or misconduct in office. A member may be removed only after a hearing of the
3.8 board. A written copy of the charges must be given to the board member subject to the
3.9 allegations in the charges at least ten days before the hearing. The board member must be
3.10 given an opportunity to be heard in person or by counsel at the hearing. The board may
3.11 temporarily suspend a board member if written charges are submitted against the member.
3.12 The board must immediately reinstate the suspended board member if the board finds that
3.13 the charges against the member are not substantiated. If a board member is removed, a
3.14 record of the proceedings, together with the charges and findings, must be filed with the
3.15 appointing authority in subdivision 2.

3.16 Subd. 7. **Compensation.** Members of the corporation shall be paid \$10,000 per year, at
3.17 times and in the amounts provided in the bylaws. Members may also be reimbursed for
3.18 reasonable expenses as provided in section 15.059, subdivision 3.

3.19 Subd. 8. **Audits.** The state auditor shall audit the finances of the corporation, including
3.20 the collection and use of the sales tax revenues collected under section 297A.993, to provide
3.21 the money for grants made under this chapter.

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

3.23 **Sec. 3. [473K.05] POWERS; DUTIES.**

3.24 Subdivision 1. **General authority.** The Metropolitan Area Redevelopment Corporation
3.25 has all powers necessary or convenient to accomplish the purposes for which it is created
3.26 and the duties assigned to it in law.

3.27 Subd. 2. **Bylaws.** The corporation shall adopt bylaws for the regulation of its affairs and
3.28 rules of procedure for governing its actions, not inconsistent with law.

3.29 Subd. 3. **Meetings; data practices; records.** The board must meet regularly at least
3.30 once a month. Meetings are subject to chapter 13D, the Minnesota Open Meeting Law. The
3.31 corporation is subject to chapter 13, the Minnesota Government Data Practices Act, and the
3.32 records retention law in section 15.17.

4.1 Subd. 4. **Executive director; staff; facilities.** (a) The executive director of the Public
4.2 Facilities Authority, or the executive director's designee, shall serve as executive director
4.3 of the corporation.

4.4 (b) The mayor of each city shall appoint a member of the city council or a department
4.5 head to serve as liaison to the corporation. The liaison shall attend all meetings to the extent
4.6 practicable, assist the board with assessing proposals, and help facilitate projects funded by
4.7 the board.

4.8 (c) The Metropolitan Council and any state agency, upon request by the executive
4.9 director, shall provide staff, technical and administrative assistance, and the use of facilities
4.10 for meetings. The council and state agencies must provide the assistance within existing
4.11 resources available to the council or state agency.

4.12 Subd. 5. **Redevelopment plans.** (a) The board shall develop both short-term and
4.13 long-term plans for the redevelopment of the cities. The board must consult with the mayors
4.14 and city councils, and all interested and affected parties, in the development of the plans.
4.15 The plans must provide for maximum grant amounts, the purposes for which grants may
4.16 be used, how grantees must account for use of grant funds, how results will be determined,
4.17 and what reports must be submitted to the corporation and the cities in which grant funds
4.18 are spent.

4.19 (b) The redevelopment plans must:

4.20 (1) be developed by the communities using a design process that includes using art and
4.21 culture to support and define the community;

4.22 (2) identify the expertise needed to implement long-term community redevelopment
4.23 plans;

4.24 (3) maximize resources from multiple sources and sectors;

4.25 (4) support projects that will act as incubators for small business ownership, including
4.26 ownership of the land and buildings in which the businesses and institutions grow; and

4.27 (5) use public investment as seed money to encourage public-private partnerships.

4.28 Subd. 6. **Grants.** (a) In addition to any other requirements in this chapter, the board shall
4.29 develop criteria for awarding grants and provide for the equitable distribution of grant funds.
4.30 All grants must be approved by the board before distribution.

4.31 (b) A grantee must be a nonprofit organization, organized under Internal Revenue Code,
4.32 section 501(c)(3). The organization must be one that is led by a person of color or an

5.1 indigenous person, and has a staff and board of which at least 51 percent are people of color
5.2 or indigenous people.

5.3 (c) At least 40 percent of the funds available each year must be used for grants to
5.4 organizations with annual operating budgets of less than \$500,000.

5.5 (d) A grantee must substantially complete the project funded within two years of entering
5.6 into the grant agreement unless another time frame is specified in the grant agreement.

5.7 (e) Projects that may be funded include but are not limited to projects that:

5.8 (1) conduct community engagement processes to determine community priorities and
5.9 develop strategies to accomplish those priorities;

5.10 (2) plan and implement commercial and economic development projects;

5.11 (3) acquire property in order to obtain site control and ensure the property is maintained
5.12 and secured against further deterioration or incompatible development;

5.13 (4) serve as incubators for small business ownership, ownership of the land and buildings
5.14 in which the businesses and institutions grow;

5.15 (5) develop and improve a grantee's organizational infrastructure, including developing
5.16 database management systems, financial systems, and other administrative functions that
5.17 increase the organization's ability to access new funding sources;

5.18 (6) improve a grantee's organization with training and skills development, planning, and
5.19 other methods of increasing staff capacity and cultural competency; and

5.20 (7) increase the capacity of the grantee to improve other services in the community, such
5.21 as health care and education.

5.22 (f) A grantee may partner with other existing organizations, public or private, that have
5.23 useful specialized expertise or capacity, including but not limited to faith-based groups,
5.24 schools, health care clinics, government agencies, or for-profit entities.

5.25 Subd. 7. **Report.** By March 1 each year, the board must submit an annual report to the
5.26 chairs and ranking minority members of the legislative committees with jurisdiction over
5.27 government operations, jobs and economic development, and taxes. The report must include
5.28 aggregate and detailed information on the grants awarded, including the locations, amounts,
5.29 uses, and any other information that the board determines would be of interest or use to the
5.30 legislature.

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

6.1 Sec. 4. **[473K.07] FINANCING; BONDING.**

6.2 Subdivision 1. **Account.** (a) A metropolitan area redevelopment account is established
6.3 in the special revenue fund. Money in the account, including interest, is appropriated to the
6.4 commissioner of management and budget for transfer to the Metropolitan Area
6.5 Redevelopment Corporation by July 1 each year.

6.6 (b) The Metropolitan Area Redevelopment Corporation must use the funds for the
6.7 purposes of this chapter, including to make grants, to pay debt service on any bonds issued
6.8 under this section, and to pay the compensation and reasonable expenses of board members.

6.9 Subd. 2. **Bonds.** (a) The corporation may request a city, a county in the metropolitan
6.10 area, or the Metropolitan Council to issue bonds, the proceeds of which may be used to
6.11 make grants under this chapter. Notwithstanding any limit on debt in a home rule charter,
6.12 ordinance, or law, a city, county, or the Metropolitan Council may issue bonds under chapter
6.13 475 without an election in order to provide money for grants approved by the corporation.
6.14 The bonds may be issued as general obligation sales tax revenue bonds or any other debt
6.15 obligation form available to the city, and the issuing entity and the corporation may pledge
6.16 the sales tax revenues to the repayment of the bonds. Any bonds issued must be defeased
6.17 or retired by December 31, 2030.

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

6.19 Sec. 5. **[473K.09] EXPIRATION.**

6.20 This chapter expires December 31, 2031.

6.21 Sec. 6. **METROPOLITAN COUNTY SALES AND USE TAX.**

6.22 Subdivision 1. **Tax imposed; rates.** Notwithstanding Minnesota Statutes, section
6.23 297A.99, subdivisions 1, 2, 3, 5, and 13, or any other law, a metropolitan county as defined
6.24 in Minnesota Statutes, section 473.121, subdivision 4, beginning January 1, 2021, shall
6.25 impose a sales and use tax at a rate of 0.125 percent on retail sales and uses taxable under
6.26 Minnesota Statutes, chapter 297A, that are made within the imposing county's boundaries
6.27 or delivered to a destination within the imposing county's boundaries.

6.28 Subd. 2. **Reverse referendum.** If by August 1, 2020, a petition signed by voters equal
6.29 in number to 20 percent of the voters who voted in the county at the last state general election,
6.30 requesting a vote on the tax imposed by this section is filed with the county auditor, a tax
6.31 must not be imposed under this section until it has been submitted to the voters at the general
6.32 election held on November 3, 2020, and a majority of votes cast on the question of approving

7.1 the imposition of a tax under this section are in the affirmative. The petition submitted to
7.2 the county auditor must meet the standards adopted by rule of the secretary of state for the
7.3 format and content of petitions.

7.4 Subd. 3. **Administration; collection; enforcement.** The administration, collection, and
7.5 enforcement provisions in Minnesota Statutes, section 297A.99, subdivisions 4 and 6 to 12,
7.6 apply to all taxes imposed under this section.

7.7 Subd. 4. **Allocation; account.** The commissioner of revenue must retain and deposit to
7.8 the account created by Minnesota Statutes, section 473K.07, the proceeds from a tax imposed
7.9 under this section to be used for purposes specified in Minnesota Statutes, chapter 473K.

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