

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 784

(SENATE AUTHORS: UTKE, Eken, Sparks and Simonson)

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OFFICIAL STATUS
Introduction and first reading
Referred to Jobs and Economic Growth Finance and Policy

1.1 A bill for an act
1.2 relating to economic development; modifying grant program eligibility
1.3 requirements; making technical changes; appropriating money for economic
1.4 development grant programs; amending Minnesota Statutes 2016, sections
1.5 116J.431, subdivision 8; 116J.8731, by adding a subdivision; 116J.8748,
1.6 subdivision 3, by adding a subdivision; 116L.42, by adding a subdivision.

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

1.8 Section 1. Minnesota Statutes 2016, section 116J.431, subdivision 8, is amended to read:

1.9 Subd. 8. ~~Appropriation~~ **Appropriations.** (a) Grant money returned to the commissioner
1.10 is appropriated to the commissioner to make additional grants under this section.

1.11 (b) \$2,000,000 is annually appropriated beginning in fiscal year 2018 from the general
1.12 fund to the commissioner of employment and economic development for the greater
1.13 Minnesota business development public infrastructure grant program under this section.

1.14 Sec. 2. Minnesota Statutes 2016, section 116J.8731, is amended by adding a subdivision
1.15 to read:

1.16 Subd. 10. **Appropriation.** \$15,000,000 is annually appropriated beginning in fiscal year
1.17 2018 from the general fund to the commissioner of employment and economic development
1.18 for the Minnesota investment fund program under this section.

1.19 Sec. 3. Minnesota Statutes 2016, section 116J.8748, subdivision 3, is amended to read:

1.20 Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To
1.21 receive designation as a Minnesota job creation fund business, a business must satisfy all
1.22 of the following conditions:

2.1 (1) the business is or will be engaged in, within Minnesota, one of the following as its
2.2 primary business activity:

2.3 (i) manufacturing;

2.4 (ii) warehousing;

2.5 (iii) distribution;

2.6 (iv) information technology;

2.7 (v) finance;

2.8 (vi) insurance; or

2.9 (vii) professional or technical services;

2.10 (2) the business must not be primarily engaged in lobbying; gambling; entertainment;
2.11 professional sports; political consulting; leisure; hospitality; or professional services provided
2.12 by attorneys, accountants, business consultants, physicians, or health care consultants, or
2.13 primarily engaged in making retail sales to purchasers who are physically present at the
2.14 business's location;

2.15 (3) the business must enter into a binding construction and job creation business subsidy
2.16 agreement with the commissioner to expend at least \$500,000 in capital investment in a
2.17 capital investment project that includes a new, expanded, or remodeled facility within one
2.18 year following designation as a Minnesota job creation fund business and:

2.19 (i) create at least ~~ten~~ five new full-time employee positions within two years of the
2.20 benefit date following the designation as a Minnesota job creation fund business; or

2.21 (ii) expend at least \$25,000,000, which may include the installation and purchase of
2.22 machinery and equipment, in capital investment and retain at least 200 employees for projects
2.23 located in the metropolitan area as defined in section 200.02, subdivision 24, and 75
2.24 employees for projects located outside the metropolitan area;

2.25 (4) positions or employees moved or relocated from another Minnesota location of the
2.26 Minnesota job creation fund business must not be included in any calculation or determination
2.27 of job creation or new positions under this paragraph; and

2.28 (5) a Minnesota job creation fund business must not terminate, lay off, or reduce the
2.29 working hours of an employee for the purpose of hiring an individual to satisfy job creation
2.30 goals under this subdivision.

3.1 (b) Prior to approving the proposed designation of a business under this subdivision, the
3.2 commissioner shall consider the following:

3.3 (1) the economic outlook of the industry in which the business engages;

3.4 (2) the projected sales of the business that will be generated from outside the state of
3.5 Minnesota;

3.6 (3) how the business will build on existing regional, national, and international strengths
3.7 to diversify the state's economy;

3.8 (4) whether the business activity would occur without financial assistance;

3.9 (5) whether the business is unable to expand at an existing Minnesota operation due to
3.10 facility or land limitations;

3.11 (6) whether the business has viable location options outside Minnesota;

3.12 (7) the effect of financial assistance on industry competitors in Minnesota;

3.13 (8) financial contributions to the project made by local governments; and

3.14 (9) any other criteria the commissioner deems necessary.

3.15 (c) Upon receiving notification of local approval under subdivision 2, the commissioner
3.16 shall review the determination by the local government and consider the conditions listed
3.17 in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local
3.18 area to designate a business as a Minnesota job creation fund business.

3.19 (d) If the commissioner designates a business as a Minnesota job creation fund business,
3.20 the business subsidy agreement shall include the performance outcome commitments and
3.21 the expected financial value of any Minnesota job creation fund benefits.

3.22 (e) The commissioner may amend an agreement once, upon request of a local government
3.23 on behalf of a business, only if the performance is expected to exceed thresholds stated in
3.24 the original agreement.

3.25 (f) A business may apply to be designated as a Minnesota job creation fund business at
3.26 the same location more than once only if all goals under a previous Minnesota job creation
3.27 fund agreement have been met and the agreement is completed.

3.28 Sec. 4. Minnesota Statutes 2016, section 116J.8748, is amended by adding a subdivision
3.29 to read:

3.30 Subd. 8. **Appropriation.** \$12,500,000 is annually appropriated beginning in fiscal year
3.31 2018 from the general fund to the commissioner of employment and economic development

4.1 for awards and rebates under this section. Of this amount, at least 75 percent must be spent
4.2 on projects located outside the seven-county metropolitan area as defined in section 473.121,
4.3 subdivision 2.

4.4 Sec. 5. Minnesota Statutes 2016, section 116L.42, is amended by adding a subdivision to
4.5 read:

4.6 Subd. 3. **Appropriation.** \$2,000,000 is annually appropriated beginning in fiscal year
4.7 2018 from the workforce development fund to the commissioner of employment and
4.8 economic development for job training grants under this section.