

**SENATE  
STATE OF MINNESOTA  
NINETIETH SESSION**

**S.F. No. 3578**

(SENATE AUTHORS: EKEN)

DATE  
03/19/2018

D-PG  
6783

Introduction and first reading  
Referred to Capital Investment

OFFICIAL STATUS

1.1 A bill for an act

1.2 relating to capital investment; establishing a greater Minnesota child care facility

1.3 capital grant program; appropriating money for grants; authorizing the sale and

1.4 issuance of state bonds; proposing coding for new law in Minnesota Statutes,

1.5 chapter 119B.

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

1.7 Section 1. **[119B.255] GREATER MINNESOTA CHILD CARE FACILITY CAPITAL**

1.8 **GRANT PROGRAM.**

1.9 Subdivision 1. **Creation of accounts.** Two greater Minnesota child care facility capital

1.10 grant accounts are created, one in the general fund and one in the bond proceeds fund.

1.11 Money in the accounts is appropriated to the commissioner to make grants under this section.

1.12 Money in the accounts is available until encumbered or spent subject to Minnesota Statutes,

1.13 section 16A.642.

1.14 Subd. 2. **Purpose; authority.** The purpose of the grant program established in this

1.15 section is to keep or enhance jobs, increase the tax base, or expand or create new economic

1.16 development in the area in which the grants are made, by providing the facilities for the

1.17 child care necessary to support workers and their families.

1.18 In order to accomplish the purposes of this section, a local government may own and

1.19 operate a child care facility.

1.20 Subd. 3. **Definitions.** For the purposes of this section:

1.21 (1) "eligible applicant" or "applicant" for the purposes of grants from the account in the

1.22 bond proceeds fund means a local government; and for the purposes of grants from the

1.23 account in the general fund means a local government or a nonprofit organization; and

2.1 (2) "local government" means a county or home rule charter or statutory city, located  
2.2 outside of the metropolitan area as defined in section 473.121, subdivision 2.

2.3 Subd. 4. **Grants.** The commissioner shall make grants to eligible applicants to provide  
2.4 up to 50 percent of the capital costs of eligible child care facility capital projects, subject  
2.5 to section 16A.502. An eligible applicant receiving a grant must provide for the remainder  
2.6 of the costs of the project, either in cash or in kind. In-kind contributions may include the  
2.7 cost of acquisition of real property and the value of site preparation made before or after  
2.8 the grant award is made. If the commissioner awards a grant for less than 50 percent of the  
2.9 project cost, the commissioner must provide the applicant and the chairs and ranking minority  
2.10 members of the senate and house of representatives committees with jurisdiction over  
2.11 economic development finance a written explanation for awarding less than 50 percent.

2.12 Subd. 5. **Eligible projects.** (a) "Eligible project" or "project" for the purposes of grants  
2.13 from the account in the bond proceeds fund means the acquisition or betterment of public  
2.14 land, buildings, and other public improvements of a capital nature within the meaning of  
2.15 the Minnesota Constitution, article XI, section 5, clause (a). It includes acquisition of land  
2.16 or interest in land, predesign, design, renovation, construction, furnishing, and equipping  
2.17 facilities in which to provide child care.

2.18 (b) "Eligible project" or "project" for the purposes of grants from the account in the  
2.19 general fund may be made for purposes described in paragraph (a) or other child care capital  
2.20 facility improvements that support the purposes for which this grant program is established,  
2.21 including upgrading or expanding nonprofit child care facilities for purposes of meeting  
2.22 state requirements.

2.23 Subd. 6. **Ineligible projects.** Grants may not be made for:

2.24 (1) projects that do not serve a greater number of children than are served with the  
2.25 facilities available at the time of application;

2.26 (2) projects that will not meet state requirements for child care facilities or programs;  
2.27 or

2.28 (3) projects funded with state bond proceeds that the local government intends to transfer  
2.29 to a private party contrary to the law governing state bond-financed property.

2.30 Subd. 7. **Application, criteria.** The commissioner must develop forms and procedures  
2.31 for soliciting and reviewing applications for grants under this section. An applicant shall  
2.32 apply for a grant in the manner and at the times the commissioner shall determine. A grant

agreement for an award of state general obligation bond proceeds must be approved by the commissioner of management and budget. At a minimum, an application must include:

(1) a resolution of support by the local government's governing body requesting a grant when it is a local government making the request;

(2) evidence of the need for improved, expanded, or new child care facilities in the area;

(3) a description of the new or expanded facility or other improvements to be made;

(4) a description of the specific state requirements making improvements necessary, if applicable;

(5) estimated costs of the capital project and the sources of funding to complete it;

(6) estimated costs of the expanded services and the sources of funding to provide them;

(7) the applicant's analysis of the expected economic benefits to the area in which the project would be located;

(8) other information that the commissioner determines is necessary or useful in evaluating the impact of the proposed project on the local economy; and

(9) the average number of children provided care by the applicant during the year prior to the application, if any, and the expected number of children that could be provided child care after the proposed project is completed.

Subd. 8. **Maximum grant amount.** The commissioner must not award more than \$500,000 per project or more than \$2,000,000 in two years to an applicant for one or more projects in the same city or county.

Subd. 9. **Cancellation of grant; return of money.** If the commissioner determines that a grantee is unable to proceed with an approved project or has not expended or obligated the grant money within five years of entering into the grant agreement with the commissioner, the commissioner shall cancel the grant and the money is available for the commissioner to make other grants under this section.

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

## Sec. 2. **GREATER MINNESOTA CHILD CARE FACILITY GRANTS**

Subdivision 1. **Bond proceeds appropriation.** \$5,000,000 is appropriated from the bond proceeds fund to the commissioner of human services for the purposes of the greater Minnesota child care facility grant program in Minnesota Statutes, section 119B.255.

4.1        Subd. 2. **General fund appropriation.** \$5,000,000 is appropriated from the general  
4.2        fund to the commissioner of human services for the purposes of the greater Minnesota child  
4.3        care facility grant program in Minnesota Statutes, section 119B.255.

4.4        Subd. 3. **Bond sale.** To provide the money appropriated in this section from the bond  
4.5        proceeds fund, the commissioner of management and budget shall sell and issue bonds of  
4.6        the state in an amount up to \$5,000,000 in the manner, upon the terms, and with the effect  
4.7        prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota  
4.8        Constitution, article XI, sections 4 to 7.

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