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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 1916

02/28/2019 Authored by Lislegard, Brand, Ecklund, Sundin, Marquart and others
The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to economic development; establishing a grant program for school property
1.3 rehabilitation; appropriating money for a grant program; authorizing the sale and
1.4 issuance of state bonds; proposing coding for new law in Minnesota Statutes,
1.5 chapter 116J.

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

1.7 Section 1. [116J.439] REHABILITATION OF OBSOLETE SCHOOL PROPERTY
1.8 GRANT PROGRAM.

1.9 Subdivision 1. Grant program established; purpose. (a) The commissioner shall make
1.10 grants to counties, cities, or school districts to provide up to 75 percent of the capital costs
1.11 of demolishing or rehabilitating public school buildings that are no longer needed as schools.
1.12 The county, city, or school district receiving a grant must provide for the remainder of the
1.13 costs of the project, either in cash or in kind. In-kind contributions may include the value
1.14 of site preparation other than the public infrastructure needed for the project.

1.15 (b) The purpose of the grants made under this section is to keep or enhance jobs in the
1.16 area, increase the tax base, or to expand or create new economic development.

1.17 (c) In awarding grants under this section, the commissioner must adhere to the criteria
1.18 under subdivision 5.

1.19 (d) If the commissioner awards a grant for less than 50 percent of the project, the
1.20 commissioner shall provide the applicant and the chairs and ranking minority members of
1.21 the committees in the senate and house of representatives with jurisdiction over economic
1.22 development finance a written explanation of the reason less than 50 percent of the capital
1.23 costs were awarded in the grant.

2.1 Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the
2.2 meanings given.

2.3 (b) "City" means a statutory or home rule charter city located outside the metropolitan
2.4 area, as defined in section 473.121, subdivision 2.

2.5 (c) "County" means a county located outside the metropolitan area, as defined in section
2.6 473.121, subdivision 2.

2.7 Subd. 3. **Eligible projects.** An economic development project for which a county, city,
2.8 or school district may be eligible to receive a grant under this section includes:

2.9 (1) manufacturing;

2.10 (2) technology;

2.11 (3) warehousing and distribution;

2.12 (4) research and development;

2.13 (5) agricultural processing, defined as transforming, packaging, sorting, or grading
2.14 livestock or livestock products into goods that are used for intermediate or final consumption,
2.15 including goods for nonfood use; or

2.16 (6) industrial park development that would be used by any other business listed in this
2.17 subdivision even if no business has committed to locate in the industrial park at the time
2.18 the grant application is made.

2.19 Subd. 4. **Ineligible projects.** The following projects are not eligible for a grant under
2.20 this section:

2.21 (1) retail development; or

2.22 (2) office space development, except as incidental to an eligible purpose.

2.23 Subd. 5. **Application.** (a) The commissioner must develop forms and procedures for
2.24 soliciting and reviewing applications for grants under this section. At a minimum, a county,
2.25 city, or school district must include in its application a resolution of the governing body of
2.26 the county, city, or school district certifying that half of the cost of the project is committed
2.27 from nonstate sources. The commissioner must evaluate complete applications for eligible
2.28 projects using the following criteria:

2.29 (1) the project is an eligible project as defined under subdivision 3;

3.1 (2) the project is expected to result in or will attract substantial public and private capital
 3.2 investment and provide substantial economic benefit to the county or city in which the
 3.3 project would be located;

3.4 (3) the project is not relocating substantially the same operation from another location
 3.5 in the state, unless the commissioner determines the project cannot be reasonably
 3.6 accommodated within the county or city in which the business is currently located, or the
 3.7 business would otherwise relocate to another state; and

3.8 (4) the project is expected to or will create or retain full-time jobs.

3.9 (b) The determination of whether to make a grant for a site is within the discretion of
 3.10 the commissioner, subject to this section. The commissioner's decisions and application of
 3.11 the criteria are not subject to judicial review except for abuse of discretion.

3.12 Subd. 6. **Maximum grant amount.** A county, city, or school district may receive no
 3.13 more than \$2,000,000 in two years for one or more projects.

3.14 Subd. 7. **Cancellation of grant; return of grant money.** If, after five years, the
 3.15 commissioner determines that a project has not proceeded in a timely manner and is unlikely
 3.16 to be completed, the commissioner must cancel the grant and require the grantee to return
 3.17 all grant money awarded for that project. For industrial park development projects, if, after
 3.18 five years, the industrial park is not developed and available for business use, the
 3.19 commissioner must cancel the grant and require the grantee to return all grant money for
 3.20 that project. If the industrial park is developed and available for use within five years, but
 3.21 no businesses have located in the park, the grantee is not required to return any grant money.

3.22 Subd. 8. **Appropriation.** Grant money returned to the commissioner is appropriated to
 3.23 the commissioner to make additional grants under this section.

3.24 Sec. 2. **APPROPRIATION; OBSOLETE SCHOOL PROPERTY GRANT**
 3.25 **PROGRAM; BUHL HIGH DEMOLITION, MOUNTAIN IRON.**

3.26 Subdivision 1. **Appropriation.** \$2,500,000 is appropriated from the bond proceeds fund
 3.27 to the commissioner of employment and economic development for grants under the school
 3.28 property rehabilitation program in Minnesota Statutes, section 116J.439. Of this amount,
 3.29 \$950,000 is for a grant to the city of Mountain Iron to demolish abandoned former Mountain
 3.30 Iron Buhl High School.

3.31 Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond
 3.32 proceeds fund, the commissioner of management and budget shall sell and issue bonds of
 3.33 the state in an amount up to \$2,500,000 in the manner, upon the terms, and with the effect

- 4.1 prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota
- 4.2 Constitution, article XI, sections 4 to 7.
- 4.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.