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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **4003**

05/12/2016 Authored by Mahoney, Gunther, Norton, Moran and Simonson

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to economic development; local government; creating an account in the
1.3 special revenue fund; authorizing commissioner of employment and economic
1.4 development to award grants to local governments to assemble land for economic
1.5 development; transferring money; appropriating money; proposing coding for
1.6 new law in Minnesota Statutes, chapter 116J.

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

1.8 Section 1. **[116J.544] CREATION OF ACCOUNT.**

1.9 A land assembly for job creation grant account is created in the special revenue
1.10 fund in the state treasury. Money in the account is appropriated to the commissioner
1.11 of employment and economic development for grants as provided in section 116J.545.
1.12 Notwithstanding section 16A.28, money deposited in the account from any source is
1.13 available until expended.

1.14 Sec. 2. **[116J.545] GRANTS.**

1.15 Subdivision 1. Land assembly for job creation grants. The commissioner may
1.16 make grants from the land assembly for job creation grant account to applicants for projects
1.17 to assemble qualifying sites within the applicant's jurisdiction to create contiguous parcels
1.18 for commercial and industrial economic development. A grant may not be awarded under
1.19 this section until the commissioner determines that an amount equal to at least 20 percent of
1.20 the acquisition cost of a qualifying site is committed to the project from nonstate sources.

1.21 Subd. 2. Applicant. For the purposes of sections 116J.544 to 116J.547, "applicant"
1.22 means a statutory or home rule charter city, county, housing and redevelopment authority,
1.23 economic development authority, or port authority.

2.1 Subd. 3. **Grants limits.** (a) The commissioner may make grants for up to 80 percent
2.2 of the cost of acquiring a qualifying site.

2.3 (b) The commissioner has sole discretion in awarding grants subject to the
2.4 requirements of sections 116J.544 to 116J.547 and the availability of funds. The
2.5 commissioner's decisions and application of the priorities under section 116J.547 are not
2.6 subject to judicial review, except for abuse of discretion.

2.7 Subd. 4. **Qualifying sites.** For the purposes of sections 116J.544 to 116J.547,
2.8 "qualifying site" or "site" means a parcel of real property that:

2.9 (1) is vacant or occupied by structures that are blighted, dilapidated, or functionally
2.10 obsolete;

2.11 (2) contains known or suspected contaminants in structures, soil, groundwater, or
2.12 infrastructure;

2.13 (3) is served by infrastructure that is outdated; and

2.14 (4) once improvements have been made, must:

2.15 (i) include structures or other improvements;

2.16 (ii) result in the creation of full-time, living wage jobs; and

2.17 (iii) increase the applicant's property tax base within a reasonable period of time.

2.18 Subd. 5. **No eminent domain.** Qualifying sites acquired in whole or in part with
2.19 grant funds provided under this section shall not be acquired through the use of eminent
2.20 domain.

2.21 Subd. 6. **Grant limits.** A single grant award under this section may not exceed
2.22 \$500,000. An applicant may not receive more than \$1,000,000 in total grants under this
2.23 section in any fiscal year.

2.24 Sec. 3. **[116J.546] GRANT APPLICATIONS.**

2.25 Subdivision 1. **Applications required.** Applications for grants under section
2.26 116J.545 must be made to the commissioner on a form and in a manner prescribed by
2.27 the commissioner. The governing body of the applicant must approve the application
2.28 by resolution.

2.29 Subd. 2. **Requirements.** An applicant must certify in its application that it has the
2.30 required matching funds available. The application must include, but is not limited to,
2.31 the following information:

2.32 (1) identification of the qualifying site to be acquired including documentation of
2.33 how the site meets the requirements in section 116J.545, subdivision 4;

2.34 (2) appraisal of the current market value of the qualifying site, prepared by a
2.35 qualified independent appraiser licensed under chapter 82B, using accepted appraisal

3.1 methodology, or the estimated market value of the site for the latest year shown on the
 3.2 most current valuation notice used under section 273.121;

3.3 (3) assessment of the development potential or likely use of the qualifying site after
 3.4 acquisition and assembly of the site with other like properties for commercial or industrial
 3.5 development. The assessment must include an analysis based on the applicant's knowledge,
 3.6 capacity, and demonstrated experience in redevelopment of blighted and contaminated
 3.7 properties. The information in the analysis must include a comparison of the site's current
 3.8 value and contribution to the applicant's tax base as well as information on the number of
 3.9 full-time jobs and wages associated with the site, to the site's projected postimprovement
 3.10 value and contribution to the applicant's tax base, and information on the projected number
 3.11 of full-time jobs and wage levels associated with the site after improvements have been
 3.12 completed. The analysis of the potential for creation of full-time jobs with living wages
 3.13 must also examine accessibility of the jobs by residents of the surrounding community; and

3.14 (4) any additional information or materials determined by the commissioner.

3.15 **Sec. 4. [116J.547] PRIORITIES.**

3.16 If applications for grants for qualified sites exceed the available funds, the
 3.17 commissioner shall make grants for sites that, in the commissioner's judgment, provide
 3.18 the highest return in public benefits for the public costs incurred and that meet all the
 3.19 requirements provided by law. In making this judgment, the commissioner shall consider
 3.20 the following factors:

3.21 (1) the potential increase in the property tax base of the local taxing jurisdictions
 3.22 within which the qualifying site is located, considered relative to the fiscal needs of the
 3.23 jurisdictions;

3.24 (2) the projected number of full-time jobs with living wages and benefits, and local
 3.25 hiring goals related to the qualifying site;

3.26 (3) the amount of the commitment of municipal or other local resources to acquire
 3.27 the qualifying site;

3.28 (4) the extent to which the applicant demonstrates that the qualifying site will be
 3.29 improved and the improvements will result in economic development benefits, including,
 3.30 but not limited to, job creation and tax base expansion for the community; and

3.31 (5) the extent to which the applicant demonstrates that redevelopment of the
 3.32 qualifying site will result in crime reduction or blight reduction, or make efficient use of
 3.33 existing public infrastructure for commercial or industrial development.

3.34 **Sec. 5. TRANSFER.**

- 4.1 The commissioner of management and budget shall transfer \$15,000,000 in fiscal
4.2 year 2018 from the general fund to the land assembly for job creation grant account under
4.3 Minnesota Statutes, section 116J.544.