

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 4027

(SENATE AUTHORS: CHAMPION)

DATE	D-PG	OFFICIAL STATUS
02/22/2024	11698	Introduction and first reading Referred to Jobs and Economic Development
03/25/2024	12542a 12562 12882	Comm report: To pass as amended Rule 12.10: report of votes in committee Second reading
04/08/2024	13561 13565	Special Order Third reading Passed

1.1 A bill for an act

1.2 relating to economic development; making policy and technical changes to

1.3 programs under the Department of Employment and Economic Development;

1.4 requiring reports; amending Minnesota Statutes 2022, sections 116J.435,

1.5 subdivisions 3, 4; 116J.5492, subdivision 2; 116J.8748, subdivision 1; 116M.18;

1.6 268A.11; 446A.072, subdivision 5a; 446A.073, subdivision 1; Minnesota Statutes

1.7 2023 Supplement, sections 116J.682, subdivisions 1, 3, 4; 116J.8733; 116J.8748,

1.8 subdivisions 3, 4, 6; 116L.17, subdivision 1; Laws 2023, chapter 53, article 15,

1.9 sections 32, subdivision 6; 33, subdivisions 4, 5; repealing Minnesota Statutes

1.10 2022, sections 116J.435, subdivision 5; 116L.17, subdivision 5.

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

1.12 **ARTICLE 1**

1.13 **STATE DISLOCATED WORKER PROGRAM**

1.14 Section 1. Minnesota Statutes 2023 Supplement, section 116L.17, subdivision 1, is amended

1.15 to read:

1.16 Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have

1.17 the meanings given them in this subdivision.

1.18 (b) "Commissioner" means the commissioner of employment and economic development.

1.19 (c) "Dislocated worker" means an individual who is a resident of Minnesota at the time

1.20 employment ceased or was working in the state at the time employment ceased and:

1.21 (1) has been permanently separated or has received a notice of permanent separation

1.22 from public or private sector employment and is eligible for or has exhausted entitlement

1.23 to unemployment benefits, and is unlikely to return to the previous industry or occupation;

2.1 (2) has been long-term unemployed and has limited opportunities for employment or
 2.2 reemployment in the same or a similar occupation in the area in which the individual resides,
 2.3 including older individuals who may have substantial barriers to employment by reason of
 2.4 age;

2.5 (3) has been terminated or has received a notice of termination of employment as a result
 2.6 of a plant closing or a substantial layoff at a plant, facility, or enterprise;

2.7 (4) has been self-employed, including farmers and ranchers, and is unemployed as a
 2.8 result of general economic conditions in the community in which the individual resides or
 2.9 because of natural disasters;

2.10 (5) is a veteran as defined by section 197.447, has been discharged or released from
 2.11 active duty under honorable conditions within the last 36 months, and (i) is unemployed or
 2.12 (ii) is employed in a job verified to be below the skill level and earning capacity of the
 2.13 veteran;

2.14 (6) is an individual determined by the United States Department of Labor to be covered
 2.15 by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331,
 2.16 as amended; ~~or~~

2.17 (7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent
 2.18 a substantial number of years in the home providing homemaking service and (i) has been
 2.19 dependent upon the financial support of another; and due to divorce, separation, death, or
 2.20 disability of that person, must now find employment to self support; or (ii) derived the
 2.21 substantial share of support from public assistance on account of dependents in the home
 2.22 and no longer receives such support. To be eligible under this clause, the support must have
 2.23 ceased while the worker resided in Minnesota;

2.24 (8) is the spouse of a member of the United States armed forces who is on active duty
 2.25 and who meets at least one of the following: (i) has lost employment as a direct result of
 2.26 relocation to accommodate a permanent change in the service member's duty station; or (ii)
 2.27 is unemployed or underemployed and facing barriers to obtaining or upgrading employment;

2.28 (9) is an individual with non-work-related injuries or illnesses who does not have a
 2.29 workers' compensation case but needs support to reenter or remain in the workforce; or

2.30 (10) is an adult with a low income, is a recipient of public assistance, or is deficient in
 2.31 basic skills.

2.32 For the purposes of this section, "dislocated worker" does not include an individual who
 2.33 was an employee, at the time employment ceased, of a political committee, political fund,

3.1 principal campaign committee, or party unit, as those terms are used in chapter 10A, or an
 3.2 organization required to file with the federal elections commission.

3.3 (d) "Eligible organization" means a state or local government unit, nonprofit organization,
 3.4 community action agency, business organization or association, or labor organization.

3.5 (e) "Plant closing" means the announced or actual permanent shutdown of a single site
 3.6 of employment, or one or more facilities or operating units within a single site of
 3.7 employment.

3.8 (f) "Substantial layoff" means a permanent reduction in the workforce, which is not a
 3.9 result of a plant closing, and which results in an employment loss at a single site of
 3.10 employment during any 30-day period for at least 50 employees excluding those employees
 3.11 that work less than 20 hours per week.

3.12 **Sec. 2. REPEALER.**

3.13 Minnesota Statutes 2022, section 116L.17, subdivision 5, is repealed.

3.14

ARTICLE 2

3.15

JOB CREATION FUND

3.16 Section 1. Minnesota Statutes 2022, section 116J.8748, subdivision 1, is amended to read:

3.17 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
 3.18 the meanings given.

3.19 (b) "Agreement" or "business subsidy agreement" means a business subsidy agreement
 3.20 under section 116J.994 that must include, but is not limited to: specification of the duration
 3.21 of the agreement, job goals and a timeline for achieving those goals over the duration of
 3.22 the agreement, construction and other investment goals and a timeline for achieving those
 3.23 goals over the duration of the agreement, and the value of benefits the firm may receive
 3.24 following achievement of capital investment and employment goals. The local government
 3.25 and business must report to the commissioner on the business performance using the forms
 3.26 developed by the commissioner.

3.27 (c) "Business" means an individual, corporation, partnership, limited liability company,
 3.28 association, or other entity.

3.29 (d) "Capital investment" means money that is expended for the purpose of building or
 3.30 improving real fixed property where employees under paragraphs (g) and (h) are or will be
 3.31 employed and also includes construction materials, services, and supplies, and the purchase

4.1 and installation of equipment and machinery as provided under subdivision 4, paragraph
4.2 (b), clause (5).

4.3 (e) "Commissioner" means the commissioner of employment and economic development.

4.4 (f) "Minnesota job creation fund business" means a business that is designated by the
4.5 commissioner under subdivision 3.

4.6 (g) "Minority person" means a person belonging to a racial or ethnic minority as defined
4.7 in Code of Federal Regulations, title 49, section 23.5.

4.8 (h) "New full-time equivalent employee" means an employee who:

4.9 (1) begins work at a Minnesota job creation fund business facility noted in a business
4.10 subsidy agreement and following the designation as a job creation fund business; and

4.11 (2) has expected work hours of at least 2,080 hours annually or the equivalent of
4.12 annualized expected hours of work equal to 2,080 hours of one or more employees.

4.13 (i) "Persons with disabilities" means an individual with a disability, as defined under
4.14 the Americans with Disabilities Act, United States Code, title 42, section 12102.

4.15 (j) "Retained job equivalent" means a full-time equivalent position:

4.16 (1) that existed at the facility prior to the designation as a job creation fund business;
4.17 and

4.18 (2) has expected work hours of at least 2,080 hours annually or the equivalent of
4.19 annualized expected hours of work equal to 2,080 hours of one or more employees.

4.20 (k) "Veteran" means a veteran as defined in section 197.447.

4.21 (l) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

4.22 Sec. 2. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 3, is amended
4.23 to read:

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

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

4.29 (i) manufacturing;

4.30 (ii) warehousing;

5.1 (iii) distribution;

5.2 (iv) information technology;

5.3 (v) finance;

5.4 (vi) insurance; or

5.5 (vii) professional or technical services;

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

5.11 (3) the business must enter into a binding construction and job creation business subsidy
5.12 agreement with the commissioner to expend directly, or ensure expenditure by or in
5.13 partnership with a third party constructing or managing the project, at least \$500,000 in
5.14 capital investment in a capital investment project that includes a new, expanded, or remodeled
5.15 facility within one year following designation as a Minnesota job creation fund business or
5.16 \$250,000 if the project is located outside the metropolitan area as defined in section 200.02,
5.17 subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans,
5.18 women, or persons with a disability; and:

5.19 (i) create at least ten new full-time equivalent employee positions within two years of
5.20 the benefit date following the designation as a Minnesota job creation fund business or five
5.21 new full-time equivalent employee positions within two years of the benefit date if the
5.22 project is located outside the metropolitan area as defined in section 200.02, subdivision
5.23 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women,
5.24 or persons with a disability; or

5.25 (ii) expend at least \$25,000,000, which may include the installation and purchase of
5.26 machinery and equipment, in capital investment and retain at least 100 full-time equivalent
5.27 employees for projects located in the metropolitan area as defined in section 200.02,
5.28 subdivision 24, or expend at least \$10,000,000, which may include the installation and
5.29 purchase of machinery and equipment, in capital investment and retain at least 50 full-time
5.30 equivalent employees for projects located outside the metropolitan area;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7.1 Sec. 3. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 4, is amended
7.2 to read:

7.3 Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job
7.4 creation fund business as eligible to receive a specific value of benefit under paragraphs (b)
7.5 and (c) when the business has achieved its job creation and capital investment goals noted
7.6 in its agreement under subdivision 3.

7.7 (b) A qualified Minnesota job creation fund business may be certified eligible for the
7.8 benefits in this paragraph for up to five years for projects located in the metropolitan area
7.9 as defined in section 200.02, subdivision 24, and seven years for projects located outside
7.10 the metropolitan area, as determined by the commissioner when considering the best interests
7.11 of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a),
7.12 clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located
7.13 outside the metropolitan area may be for up to seven years in length. The eligibility for the
7.14 following benefits begins the date the commissioner certifies the business as a qualified
7.15 Minnesota job creation fund business under this subdivision:

7.16 (1) up to five percent rebate for projects located in the metropolitan area as defined in
7.17 section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan
7.18 area, on capital investment on qualifying purchases as provided in subdivision 5 with the
7.19 total rebate for a project not to exceed \$500,000;

7.20 (2) an award of up to \$500,000 based on full-time job creation and wages paid as provided
7.21 in subdivision 6 with the total award not to exceed \$500,000;

7.22 (3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards
7.23 are allowable for projects that have at least \$25,000,000 in capital investment and 100 new
7.24 full-time equivalent employees in the metropolitan area as defined in section 200.02,
7.25 subdivision 24, or at least \$10,000,000 in capital investment and 50 new full-time equivalent
7.26 employees for projects located outside the metropolitan area;

7.27 (4) up to \$1,000,000 in capital investment rebates and up to \$1,000,000 in job creation
7.28 awards are allowable for projects that have at least \$25,000,000 in capital investment, which
7.29 may include the installation and purchase of machinery and equipment, and 100 retained
7.30 full-time equivalent employees for projects located in the metropolitan area as defined in
7.31 section 200.02, subdivision 24, or at least \$10,000,000 in capital investment, which may
7.32 include the installation and purchase of machinery and equipment, and 50 retained full-time
7.33 equivalent employees for projects located outside the metropolitan area; and

8.1 (5) for clauses (3) and (4) only, the capital investment expenditure requirements may
8.2 include the installation and purchases of machinery and equipment. These expenditures are
8.3 not eligible for the capital investment rebate provided under subdivision 5.

8.4 (c) The job creation award may be provided in multiple years as long as the qualified
8.5 Minnesota job creation fund business continues to meet the job creation goals provided for
8.6 in its agreement under subdivision 3 and the total award does not exceed \$500,000 except
8.7 as provided under paragraph (b), clauses (3) and (4). Under paragraph (b), clause (4), a job
8.8 creation award of \$2,000 per full-time equivalent job retained ~~job~~ may be provided one time
8.9 if the qualified Minnesota job creation fund business meets the minimum capital investment
8.10 and retained employee requirement as provided in paragraph (b), clause (4), for at least two
8.11 years.

8.12 (d) No rebates or award may be provided until the Minnesota job creation fund business
8.13 or a third party constructing or managing the project has at least \$500,000 in capital
8.14 investment in the project and at least ten full-time equivalent jobs have been created and
8.15 maintained for at least one year or the retained employees, as provided in paragraph (b),
8.16 clause (4), remain for at least one year. The agreement may require additional performance
8.17 outcomes that need to be achieved before rebates and awards are provided. If fewer retained
8.18 jobs are maintained, but still above the minimum under this subdivision, the capital
8.19 investment award shall be reduced on a proportionate basis.

8.20 (e) The forms needed to be submitted to document performance by the Minnesota job
8.21 creation fund business must be in the form and be made under the procedures specified by
8.22 the commissioner. The forms shall include documentation and certification by the business
8.23 that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66,
8.24 and other provisions as specified by the commissioner.

8.25 (f) Minnesota job creation fund businesses must pay each new full-time equivalent
8.26 employee added pursuant to the agreement total compensation, including benefits not
8.27 mandated by law, that on an annualized basis is equal to at least 110 percent of the federal
8.28 poverty level for a family of four.

8.29 (g) A Minnesota job creation fund business must demonstrate reasonable progress on
8.30 capital investment expenditures within six months following designation as a Minnesota
8.31 job creation fund business to ensure that the capital investment goal in the agreement under
8.32 subdivision 1 will be met. Businesses not making reasonable progress will not be eligible
8.33 for benefits under the submitted application and will need to work with the local government
8.34 unit to resubmit a new application and request to be a Minnesota job creation fund business.

9.1 Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not
 9.2 be considered a default of the business subsidy agreement.

9.3 Sec. 4. Minnesota Statutes 2023 Supplement, section 116J.8748, subdivision 6, is amended
 9.4 to read:

9.5 Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is
 9.6 eligible for an annual award for each new full-time equivalent job created and maintained
 9.7 under subdivision 4, paragraph (b), clauses (2) and (3), by the business using the following
 9.8 schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than
 9.9 \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; \$3,000
 9.10 for each job position paying at least \$45,000 but less than \$55,000; and \$4,000 for each job
 9.11 position paying at least \$55,000; and as noted in the goals under the agreement provided
 9.12 under subdivision 1. These awards are increased by \$1,000 if the business is located outside
 9.13 the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the
 9.14 business is cumulatively owned by minorities, veterans, women, or persons with a disability.

9.15 (b) A qualified Minnesota job creation fund business is eligible for a onetime \$2,000
 9.16 award for each full-time equivalent job retained and maintained under subdivision 4,
 9.17 paragraph (b), clause (4), provided that each retained job pays total compensation, including
 9.18 benefits not mandated by law, that on an annualized basis is equal to at least 150 percent
 9.19 of the federal poverty level for a family of four.

9.20 (c) The job creation award schedule must be adjusted annually using the percentage
 9.21 increase in the federal poverty level for a family of four.

9.22 (d) Minnesota job creation fund businesses seeking an award credit provided under
 9.23 subdivision 4 must submit forms and applications to the Department of Employment and
 9.24 Economic Development as prescribed by the commissioner.

9.25 ARTICLE 3

9.26 INNOVATIVE BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE GRANT 9.27 PROGRAM

9.28 Section 1. Minnesota Statutes 2022, section 116J.435, subdivision 3, is amended to read:

9.29 Subd. 3. **Grant program established.** (a) The commissioner shall make ~~competitive~~
 9.30 grants to local governmental units to acquire and prepare land on which public infrastructure
 9.31 required to support an eligible project will be located, ~~including demolition of structures~~
 9.32 ~~and remediation of any hazardous conditions on the land, or to pre-design, design, acquire,~~
 9.33 and to construct, furnish, and equip public infrastructure required to support an eligible

10.1 project. The local governmental unit receiving a grant must provide for the remainder of
 10.2 the public infrastructure costs from other sources. ~~The commissioner may waive the~~
 10.3 ~~requirements related to an eligible project under subdivision 2 if a project would be eligible~~
 10.4 ~~under this section but for the fact that its location requires infrastructure improvements to~~
 10.5 ~~residential development.~~

10.6 (b) The amount of a grant may not exceed ~~the lesser of the cost of the public infrastructure~~
 10.7 ~~or 50 percent of the sum of the cost of the public infrastructure plus the cost of the completed~~
 10.8 ~~eligible project.~~

10.9 (c) The purpose of the program is to keep or enhance jobs in the area, increase the tax
 10.10 base, or to expand or create new economic development through the growth of new
 10.11 innovative businesses and organizations.

10.12 Sec. 2. Minnesota Statutes 2022, section 116J.435, subdivision 4, is amended to read:

10.13 Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for
 10.14 soliciting and reviewing applications for grants under this section. At a minimum, a local
 10.15 governmental unit must include ~~the following information~~ in its application a resolution
 10.16 certifying that the money required to be supplied by the local governmental unit to complete
 10.17 the public infrastructure project is available and committed. The commissioner must evaluate
 10.18 complete applications for eligible projects using the following criteria:

10.19 (1) ~~a resolution of its governing body certifying that the money required to be supplied~~
 10.20 ~~by the local governmental unit to complete the public infrastructure is available and~~
 10.21 ~~committed~~ the project is an eligible project as defined under subdivision 2;

10.22 (2) ~~a detailed estimate, along with necessary supporting evidence, of the total development~~
 10.23 ~~costs for the public infrastructure and eligible project~~ the project is expected to result in or
 10.24 will attract substantial public and private capital investment and provide substantial economic
 10.25 benefit to the county or city in which the project would be located;

10.26 (3) ~~an assessment of the potential or likely use of the site for innovative business activities~~
 10.27 ~~after completion of the public infrastructure and eligible project~~ the project is not relocating
 10.28 substantially the same operation from another location in the state, unless the commissioner
 10.29 determines the project cannot be reasonably accommodated within the county or city in
 10.30 which the business is currently located, or the business would otherwise relocate to another
 10.31 state; and

11.1 (4) ~~a timeline indicating the major milestones of the public infrastructure and eligible~~
 11.2 ~~project and their anticipated completion dates; the project is expected to create or retain~~
 11.3 ~~full-time jobs.~~

11.4 (5) ~~a commitment from the governing body to repay the grant if the milestones are not~~
 11.5 ~~realized by the completion date identified in clause (4); and~~

11.6 (6) ~~any additional information or material the commissioner prescribes.~~

11.7 (b) The determination of whether to make a grant ~~under subdivision 3~~ for a site is within
 11.8 the discretion of the commissioner, subject to this section. The commissioner's decisions
 11.9 and application of the ~~priorities~~ criteria are not subject to judicial review, except for abuse
 11.10 of discretion.

11.11 Sec. 3. **REPEALER.**

11.12 Minnesota Statutes 2022, section 116J.435, subdivision 5, is repealed.

11.13 **ARTICLE 4**

11.14 **ENERGY TRANSITION ADVISORY COMMITTEE**

11.15 Section 1. Minnesota Statutes 2022, section 116J.5492, subdivision 2, is amended to read:

11.16 Subd. 2. **Membership.** (a) The advisory committee consists of ~~18~~ 19 voting members
 11.17 and eight ex officio nonvoting members.

11.18 (b) The voting members of the advisory committee are appointed by the commissioner
 11.19 of employment and economic development, except as specified below:

11.20 (1) two members of the senate, one appointed by the majority leader of the senate and
 11.21 one appointed by the minority leader of the senate;

11.22 (2) two members of the house of representatives, one appointed by the speaker of the
 11.23 house of representatives and one appointed by the minority leader of the house of
 11.24 representatives;

11.25 (3) one representative of the Prairie Island Indian community;

11.26 (4) four representatives of impacted communities, of which two must represent counties
 11.27 and two must represent municipalities, and, to the extent possible, of the impacted facilities
 11.28 in those communities, at least one must be a coal plant, at least one must be a nuclear plant,
 11.29 and at least one must be a natural gas plant;

11.30 (5) three representatives of impacted workers at impacted facilities;

12.1 (6) one representative of impacted workers employed by companies that, under contract,
 12.2 regularly perform construction, maintenance, or repair work at an impacted facility;

12.3 (7) one representative with professional economic development or workforce retraining
 12.4 experience;

12.5 (8) two representatives of utilities that operate an impacted facility;

12.6 (9) one representative from a nonprofit organization with expertise and experience
 12.7 delivering energy efficiency and conservation programs; ~~and~~

12.8 (10) one representative of a school district facing revenue loss due to energy transition;

12.9 and

12.10 ~~(10)~~ (11) one representative from the Coalition of Utility Cities.

12.11 (c) The ex officio nonvoting members of the advisory committee consist of:

12.12 (1) the governor or the governor's designee;

12.13 (2) the commissioner of employment and economic development or the commissioner's
 12.14 designee;

12.15 (3) the commissioner of commerce or the commissioner's designee;

12.16 (4) the commissioner of labor and industry or the commissioner's designee;

12.17 (5) the commissioner of revenue or the commissioner's designee;

12.18 (6) the executive secretary of the Public Utilities Commission or the secretary's designee;

12.19 (7) the commissioner of the Pollution Control Agency or the commissioner's designee;

12.20 and

12.21 (8) the chancellor of the Minnesota State Colleges and Universities or the chancellor's
 12.22 designee.

12.23

ARTICLE 5

12.24

TECHNICAL CHANGES

12.25 Section 1. Laws 2023, chapter 53, article 15, section 32, subdivision 6, is amended to
 12.26 read:

12.27 Subd. 6. **Administrative costs.** The commissioner of employment and economic
 12.28 development may use up to one percent of the appropriation made for this section for
 12.29 administrative expenses of the department. The Northland Foundation may use up to five
 12.30 percent of the appropriation made for this section for administrative expenses.

13.1 Sec. 2. **LAUNCH MINNESOTA 2023 APPROPRIATION.**

13.2 The appropriation for Launch Minnesota in Laws 2023, chapter 53, article 20, section
 13.3 2, subdivision 2, paragraph (c), is available until June 30, 2027.

13.4 **ARTICLE 6**

13.5 **SMALL BUSINESS PROGRAM MODIFICATIONS**

13.6 Section 1. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 1, is
 13.7 amended to read:

13.8 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms in this
 13.9 subdivision have the meanings given.

13.10 (b) "Commissioner" means the commissioner of employment and economic development.

13.11 (c) "Partner organizations" or "partners" means:

13.12 (1) nonprofit organizations or public entities, including higher education institutions,
 13.13 engaged in business development or economic development;

13.14 (2) community development financial institutions; ~~or~~

13.15 (3) community development corporations; and

13.16 (4) Tribal economic development entities.

13.17 (d) "Small business" has the meaning given in section 3 of the Small Business Act,
 13.18 United States Code, title 15, section 632.

13.19 (e) "Underserved populations and geographies" means individuals who are Black,
 13.20 Indigenous, people of color, veterans, people with disabilities, people who are LGBTQ+,
 13.21 and low-income individuals and includes people from rural Minnesota.

13.22 Sec. 2. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 3, is amended
 13.23 to read:

13.24 Subd. 3. **Small business assistance partnerships grants.** (a) The commissioner shall
 13.25 make small business assistance partnerships grants to local and regional community-based
 13.26 organizations to provide small business development and technical assistance services to
 13.27 entrepreneurs and small business owners. The commissioner must prioritize applications
 13.28 that provide services to underserved populations and geographies.

14.1 (b) Grantees shall use the grant funds to provide high-quality, free ~~or low-cost~~
 14.2 professional business development and technical assistance services that support the start-up,
 14.3 growth, and success of Minnesota's entrepreneurs and small business owners.

14.4 (c) Grantees may use up to 15 percent of grant funds for expenses incurred while
 14.5 administering the grant, including but not limited to expenses related to technology, utilities,
 14.6 legal services, training, accounting, insurance, financial management, benefits, reporting,
 14.7 servicing of loans, and audits.

14.8 Sec. 3. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 4, is amended
 14.9 to read:

14.10 Subd. 4. **Report.** (a) By January 31 of each year, partner organizations participating in
 14.11 the program must provide a report to the commissioner on the outcomes of the program,
 14.12 including but not limited to the number of entrepreneurs and small businesses served, number
 14.13 of hours of business assistance services provided, number of new businesses started, number
 14.14 of full-time equivalent jobs created and retained, and demographic and geographic details
 14.15 of the individuals being served.

14.16 (b) By February 15 of each year, the commissioner must provide a report compiling the
 14.17 information received from the partner organizations under paragraph (a) to the chairs and
 14.18 ranking minority members of the legislative committees with jurisdiction over workforce
 14.19 development. The report must also specify any partner organization that failed to provide
 14.20 the information required under paragraph (a).

14.21 Sec. 3. Minnesota Statutes 2023 Supplement, section 116J.8733, is amended to read:

14.22 **116J.8733 MINNESOTA EXPANDING OPPORTUNITY FUND PROGRAM.**

14.23 Subdivision 1. **Establishment.** The Minnesota Expanding Opportunity Fund Program
 14.24 is established to capitalize Minnesota nonprofit corporations, Tribal economic development
 14.25 entities, and community development financial institutions to increase lending activities
 14.26 with Minnesota small businesses.

14.27 Subd. 2. **Long-term loans.** The department may make long-term loans of ten to 12 years
 14.28 at 0.5 percent or lower interest rates to nonprofit corporations, Tribal economic development
 14.29 entities, and community development financial institutions to enable nonprofit corporations,
 14.30 Tribal economic development entities, and community development financial institutions
 14.31 to make more loans to Minnesota small businesses. The department may use the interest
 14.32 received to offset the cost of administering small business lending programs.

15.1 Subd. 3. **Loan eligibility; ~~nonprofit corporation~~.** (a) The eligible nonprofit corporation,
 15.2 Tribal economic development entity, or community development financial institution must
 15.3 not meet the definition of recipient under section 116J.993, subdivision 6.

15.4 (b) The commissioner may enter into loan agreements with Minnesota nonprofit
 15.5 corporations, Tribal economic development entities, and community development financial
 15.6 institutions that apply to participate in the Minnesota Expanding Opportunity Fund Program.
 15.7 The commissioner shall evaluate applications from applicant nonprofit corporations, Tribal
 15.8 economic development entities, and community development financial institutions. In
 15.9 evaluating applications, the department must consider, among other things, whether the
 15.10 nonprofit corporation, Tribal economic development entity, or community development
 15.11 financial institution:

15.12 (1) meets the statutory definition of a community development financial institution as
 15.13 defined in section 103 of the Riegle Community Development and Regulatory Improvement
 15.14 Act of 1994, United States Code, title 12, section 4702;

15.15 (2) has a board of directors or loan or credit committee that includes citizens experienced
 15.16 in small business services and community development;

15.17 (3) has the technical skills to analyze small business loan requests;

15.18 (4) is familiar with other available public and private funding sources and economic
 15.19 development programs;

15.20 (5) is enrolled in one or more eligible federally funded state programs; and

15.21 (6) has the administrative capacity to manage a loan portfolio.

15.22 Subd. 4. **Revolving loan fund.** (a) The commissioner shall establish a revolving loan
 15.23 fund to make loans to nonprofit corporations, Tribal economic development entities, and
 15.24 community development financial institutions for the purpose of increasing nonprofit
 15.25 corporation, Tribal economic development entity, and community development financial
 15.26 institution capital and lending activities with Minnesota small businesses.

15.27 (b) Nonprofit corporations, Tribal economic development entities, and community
 15.28 development financial institutions that receive loans from the commissioner under the
 15.29 program must establish appropriate accounting practices for the purpose of tracking eligible
 15.30 loans.

15.31 Subd. 5. **Loan portfolio administration.** (a) The fee or interest rate charged by a
 15.32 nonprofit corporation, Tribal economic development entity, or community development
 15.33 financial institution for a loan under this subdivision must not exceed the Wall Street Journal

16.1 prime rate plus two percent. A nonprofit corporation, Tribal economic development entity,
16.2 or community development financial institution participating in the Minnesota Expanding
16.3 Opportunity Fund Program may charge a loan closing fee equal to or less than two percent
16.4 of the loan value.

16.5 (b) The nonprofit corporation, Tribal economic development entity, or community
16.6 development financial institution may retain all earnings from fees and interest from loans
16.7 to small businesses.

16.8 (c) The department must provide the nonprofit corporation, Tribal economic development
16.9 entity, or community development financial institution making the loan with a fee equal to
16.10 one percent of the loan value for every loan closed to offset related expenses for loan
16.11 processing, loan servicing, legal filings, and reporting.

16.12 Subd. 6. **Cooperation.** A nonprofit corporation, Tribal economic development entity,
16.13 or community development financial institution that receives a program loan shall cooperate
16.14 with other organizations, including but not limited to community development corporations,
16.15 community action agencies, and the Minnesota small business development centers.

16.16 Subd. 7. **Reporting requirements.** (a) A nonprofit corporation, Tribal economic
16.17 development entity, or community development financial institution that receives a program
16.18 loan must submit an annual report to the commissioner by February 15 of each year that
16.19 includes:

16.20 (1) the number of businesses to which a loan was made;

16.21 (2) a description of businesses supported by the program;

16.22 (3) demographic information, as specified by the commissioner, regarding each borrower;

16.23 (4) an account of loans made during the calendar year;

16.24 (5) the program's impact on job creation and retention;

16.25 (6) the source and amount of money collected and distributed by the program;

16.26 (7) the program's assets and liabilities; and

16.27 (8) an explanation of administrative expenses.

16.28 (b) A nonprofit corporation, Tribal economic development entity, or community
16.29 development financial institution that receives a program loan must provide for an
16.30 independent annual audit to be performed in accordance with generally accepted accounting
16.31 practices and auditing standards and submit a copy of each annual audit report to the
16.32 commissioner.

17.1 Sec. 4. Minnesota Statutes 2022, section 116M.18, is amended to read:

17.2 **116M.18 MINNESOTA EMERGING ENTREPRENEUR PROGRAM.**

17.3 Subdivision 1. **Establishment.** The Minnesota emerging entrepreneur program is
 17.4 established to award grants to nonprofit corporations, Tribal economic development entities,
 17.5 and community development financial institutions to fund loans to businesses owned by
 17.6 minority or low-income persons, women, veterans, or people with disabilities.

17.7 Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall
 17.8 be made so that an approximately equal dollar amount of loans are made to businesses in
 17.9 the metropolitan area as in the nonmetropolitan area. After March 31 of each fiscal year,
 17.10 the department may allow loans to be made anywhere in the state without regard to
 17.11 geographic area.

17.12 Subd. 1b. **Grants.** The department shall make grants to nonprofit corporations, Tribal
 17.13 economic development entities, and community development financial institutions to fund
 17.14 loans to businesses owned by minority or low-income persons, women, veterans, or people
 17.15 with disabilities to encourage private investment, to provide jobs for minority and low-income
 17.16 persons, to create and strengthen minority business enterprises, and to promote economic
 17.17 development in a low-income area.

17.18 Subd. 2. **Grant eligibility; ~~nonprofit corporation.~~** (a) The department may enter into
 17.19 agreements with nonprofit corporations, Tribal economic development entities, and
 17.20 community development financial institutions to fund loans the nonprofit corporation, Tribal
 17.21 economic development entity, or community development financial institution makes to
 17.22 businesses owned by minority or low-income persons, women, veterans, or people with
 17.23 disabilities. The department shall evaluate applications from nonprofit corporations, Tribal
 17.24 economic development entities, and community development financial institutions. In
 17.25 evaluating applications, the department must consider, among other things, whether the
 17.26 nonprofit corporation, Tribal economic development entity, or community development
 17.27 financial institution:

17.28 (1) has a board of directors that includes citizens experienced in business and community
 17.29 development, minority business enterprises, addressing racial income disparities, and creating
 17.30 jobs for low-income and minority persons;

17.31 (2) has the technical skills to analyze projects;

17.32 (3) is familiar with other available public and private funding sources and economic
 17.33 development programs;

18.1 (4) can initiate and implement economic development projects;

18.2 (5) can establish and administer a revolving loan account or has operated a revolving
18.3 loan account;

18.4 (6) can work with job referral networks which assist minority and low-income persons;
18.5 and

18.6 (7) has established relationships with minority communities.

18.7 (b) The department shall review existing agreements with nonprofit corporations, Tribal
18.8 economic development entities, and community development financial institutions every
18.9 five years and may renew or terminate the agreement based on the review. In making its
18.10 review, the department shall consider, among other criteria, the criteria in paragraph (a).
18.11 The department shall open the program to new applicants every two years.

18.12 Subd. 3. **Revolving loan fund.** (a) The department shall establish a revolving loan fund
18.13 to make grants to nonprofit corporations, Tribal economic development entities, and
18.14 community development financial institutions for the purpose of making loans to businesses
18.15 owned by minority or low-income persons, women, veterans, or people with disabilities,
18.16 and to support minority business enterprises and job creation for minority and low-income
18.17 persons.

18.18 (b) Nonprofit corporations, Tribal economic development entities, and community
18.19 development financial institutions that receive grants from the department under the program
18.20 must establish a commissioner-certified revolving loan fund for the purpose of making
18.21 eligible loans.

18.22 (c) Eligible business enterprises include, but are not limited to, technologically innovative
18.23 industries, value-added manufacturing, and information industries.

18.24 (d) Loan applications given preliminary approval by the nonprofit corporation, Tribal
18.25 economic development entity, or community development financial institution must be
18.26 forwarded to the department for approval. ~~The commissioner must give final approval for~~
18.27 ~~each loan made by the nonprofit corporation.~~ Nonprofit corporations, Tribal economic
18.28 development entities, and community development financial institutions designated as
18.29 preferred partners do not need final approval by the commissioner. All other loans must be
18.30 approved by the commissioner and the commissioner must make approval decisions within
18.31 20 days of receiving a loan application unless the application contains insufficient information
18.32 to make an approval decision. The amount of the state funds contributed to any loan may

19.1 not exceed 50 percent of each loan. The commissioner must develop the criteria necessary
 19.2 to receive loan forgiveness.

19.3 Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made
 19.4 by nonprofit corporations, Tribal economic development entities, and community
 19.5 development financial institutions under the program.

19.6 (b) Loans must be made to businesses that are not likely to undertake a project for which
 19.7 loans are sought without assistance from the program.

19.8 (c) A loan must be used to support a business owned by a minority or a low-income
 19.9 person, woman, veteran, or a person with disabilities. Priority must be given for loans to
 19.10 the lowest income areas.

19.11 (d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

19.12 (e) The state contribution must be matched by at least an equal amount of new private
 19.13 investment.

19.14 (f) A loan may not be used for a retail development project.

19.15 (g) The business must agree to work with job referral networks that focus on minority
 19.16 and low-income applicants.

19.17 (h) Up to ten percent of a loan's principal amount may be forgiven if ~~the department~~
 19.18 ~~approves and~~ the borrower has met lender and agency criteria, including being current with
 19.19 all payments, for at least two years. The commissioner must develop the criteria for receiving
 19.20 loan forgiveness.

19.21 Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise
 19.22 loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans
 19.23 are subject to this section except that:

19.24 (1) they may also be made to qualified retail businesses;

19.25 (2) they may be made for a minimum of \$5,000 and a maximum of ~~\$35,000~~ \$40,000;

19.26 (3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum
 19.27 of ~~\$50,000~~ \$55,000; and

19.28 (4) they do not require a match.

19.29 (b) Up to ten percent of a loan's principal amount may be forgiven if ~~the department~~
 19.30 ~~approves and~~ the borrower has met ~~lender~~ criteria developed by the lender and the
 19.31 commissioner, including being current with all payments, for at least two years.

20.1 Subd. 5. **Revolving fund administration.** (a) The department shall establish a minimum
20.2 interest rate or fee for loans or guarantees to ensure that necessary loan administration costs
20.3 are covered. The interest rate charged by a nonprofit corporation, Tribal economic
20.4 development entity, or community development financial institution for a loan under this
20.5 subdivision must not exceed the Wall Street Journal prime rate plus ~~four~~ two percent, with
20.6 a maximum rate of ten percent. For a loan under this subdivision, the nonprofit corporation,
20.7 Tribal economic development entity, or community development financial institution may
20.8 charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit
20.9 corporation, Tribal economic development entity, or community development financial
20.10 institution may retain the amount of the origination fee.

20.11 (b) Loan repayment of principal must be paid to the department for deposit in the
20.12 revolving loan fund. Loan interest payments must be deposited in a revolving loan fund
20.13 created by the nonprofit corporation, Tribal economic development entity, or community
20.14 development financial institution originating the loan being repaid for further distribution
20.15 or use, consistent with the criteria of this section.

20.16 (c) Administrative expenses of the nonprofit corporations, Tribal economic development
20.17 entities, and community development financial institutions with whom the department enters
20.18 into agreements, including expenses incurred by a nonprofit corporation, Tribal economic
20.19 development entity, or community development financial institution in providing financial,
20.20 technical, managerial, and marketing assistance to a business enterprise receiving a loan
20.21 under subdivision 4, may be paid out of the interest earned on loans and out of interest
20.22 earned on money invested by the state Board of Investment under section 116M.16,
20.23 subdivision 2, as may be provided by the department.

20.24 (d) The department must provide the nonprofit corporation, Tribal economic development
20.25 entity, or community development financial institution making the loan with a fee equal to
20.26 one percent of the loan value for every loan closed to offset related expenses for loan
20.27 processing, loan servicing, legal filings, and reporting.

20.28 Subd. 7. **Cooperation.** A nonprofit corporation, Tribal economic development entity,
20.29 or community development financial institution that receives a program grant shall cooperate
20.30 with other organizations, including but not limited to, community development corporations,
20.31 community action agencies, and the Minnesota small business development centers.

20.32 Subd. 8. **Reporting requirements.** (a) A nonprofit corporation, Tribal economic
20.33 development entity, or community development financial institution that receives a program
20.34 grant shall:

21.1 (1) submit an annual report to the department by February 15 of each year that includes
21.2 a description of businesses supported by the grant program, an account of loans made during
21.3 the calendar year, the program's impact on minority business enterprises and job creation
21.4 for minority persons and low-income persons, the source and amount of money collected
21.5 and distributed by the program, the program's assets and liabilities, and an explanation of
21.6 administrative expenses; and

21.7 (2) provide for an independent annual audit to be performed in accordance with generally
21.8 accepted accounting practices and auditing standards and submit a copy of each annual
21.9 audit report to the department.

21.10 (b) By March 1 of each year, the commissioner must provide a report compiling the
21.11 information received from nonprofit corporations, Tribal economic development entities,
21.12 and community development financial institutions under paragraph (a) to the chairs and
21.13 ranking minority members of the legislative committees with jurisdiction over workforce
21.14 development. The report must also specify any nonprofit corporations, Tribal economic
21.15 development entities, or community development financial institutions that failed to provide
21.16 the information required under paragraph (a).

21.17 Subd. 9. **Small business emergency loan account.** The small business emergency loan
21.18 account is created as an account in the special revenue fund.

21.19 Sec. 5. Laws 2023, chapter 53, article 15, section 33, subdivision 4, is amended to read:

21.20 Subd. 4. **Loans to community businesses.** (a) A partner organization that receives a
21.21 grant under subdivision 3 shall establish a plan for making low-interest loans to community
21.22 businesses. The plan requires approval by the commissioner.

21.23 (b) Under the plan:

21.24 (1) the state contribution to each loan shall be no less than \$50,000 and no more than
21.25 \$500,000;

21.26 (2) loans shall be made for projects that are unlikely to be undertaken unless a loan is
21.27 received under the program;

21.28 (3) priority shall be given to loans to businesses in the lowest income areas;

21.29 (4) the fee or interest rate on a loan shall not be higher than ~~the Wall Street Journal prime~~
21.30 a rate of ten percent;

22.1 (5) 50 percent of all repayments of principal on a loan under the program shall be used
 22.2 to fund additional related lending. The partner organization may retain the remainder of
 22.3 loan repayments to service loans and provide further technical assistance;

22.4 (6) the partner organization may charge a loan origination fee of no more than one
 22.5 percent of the loan value and may retain that origination fee; ~~and~~

22.6 (7) a partner organization may not make a loan to a project in which it has an ownership
 22.7 interest; and

22.8 (8) up to 15 percent of a loan's principal amount may be forgiven by the partner
 22.9 organization if the borrower has met all lending criteria developed by the partner organization
 22.10 and the commissioner, including creating or retaining jobs and being current with all loan
 22.11 payments, for at least two years.

22.12 Sec. 6. Laws 2023, chapter 53, article 15, section 33, subdivision 5, is amended to read:

22.13 Subd. 5. **Reports.** (a) The partner organization shall submit a report to the commissioner
 22.14 by ~~January~~ December 31 of 2024, 2025, and 2026. The report shall include:

22.15 (1) an account of all loans made through the program the preceding calendar year and
 22.16 the impact of those loans on community businesses and job creation for targeted groups;

22.17 (2) information on the source and amount of money collected and distributed under the
 22.18 program, its assets and liabilities, and an explanation of administrative expenses; and

22.19 (3) an independent audit of grant funds performed in accordance with generally accepted
 22.20 accounting practices and auditing standards.

22.21 (b) By February 15 of ~~2024, 2025, and 2026,~~ and 2027, the commissioner shall submit
 22.22 a report to the chairs and ranking minority members of the legislative committees with
 22.23 jurisdiction over workforce and economic development on program outcomes, including
 22.24 copies of all reports received under paragraph (a).

22.25 ARTICLE 7

22.26 INDEPENDENT LIVING SERVICES

22.27 Section 1. Minnesota Statutes 2022, section 268A.11, is amended to read:

22.28 268A.11 INDEPENDENT LIVING SERVICES.

22.29 Subdivision 1. **Purposes and services.** The purposes of independent living services and
 22.30 the services that are to be provided are those that are consistent with Code of Federal
 22.31 Regulations, title ~~34, parts 365 to 367~~ 45, part 1329.

23.1 Subd. 2. **Administration.** This section shall be administered by the Department of
 23.2 Employment and Economic Development through the Vocational Rehabilitation Services
 23.3 Program. The department may employ staff as reasonably required to administer this section
 23.4 and may accept and receive funds from nonstate sources for the purpose of effectuating this
 23.5 section.

23.6 Subd. 3. **Certification.** No applicant Center for Independent Living may receive funding
 23.7 under this section unless it has received certification from the Vocational Rehabilitation
 23.8 Services Program.

23.9 The Vocational Rehabilitation Services Program shall review the programs of Centers
 23.10 for Independent Living receiving funds ~~from~~ under this section to determine ~~their adherence~~
 23.11 ~~to compliance with the standards adopted by rule and if the standards are substantially met~~
 23.12 defined in section 725(b) and assurances in section 725(c) of the Rehabilitation Act of 1973,
 23.13 and, if fulfilled, shall issue appropriate certifications.

23.14 Subd. 4. **Application of Centers for Independent Living.** The Vocational Rehabilitation
 23.15 Services Program shall require Centers for Independent Living to complete application
 23.16 forms, expenditure reports, and proposed plans and budgets. These reports must be in the
 23.17 manner and on the form prescribed by the Vocational Rehabilitation Services Program.
 23.18 When applying, the Center for Independent Living shall agree to provide reports and records,
 23.19 and make available records for audit as may be required by the Vocational Rehabilitation
 23.20 Services Program.

23.21 The applicant Center for Independent Living shall be notified in writing by the Vocational
 23.22 Rehabilitation Services Program concerning the approval of budgets and plans.

23.23 ARTICLE 8

23.24 PUBLIC FACILITIES AUTHORITY

23.25 Section 1. Minnesota Statutes 2022, section 446A.072, subdivision 5a, is amended to read:

23.26 Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant
 23.27 funding from the USDA/RECD, the authority may provide assistance in the form of a grant
 23.28 of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental
 23.29 unit may not receive a grant under this paragraph for more than ~~\$5,000,000~~ \$10,000,000
 23.30 per project or \$20,000 per existing connection, whichever is less, unless specifically approved
 23.31 by law.

23.32 (b) For a governmental unit receiving a loan from the clean water revolving fund under
 23.33 section 446A.07, the authority may provide assistance under this section in the form of a

24.1 grant if the average annual residential wastewater system cost after completion of the project
24.2 would otherwise exceed 1.4 percent of the median household income of the project service
24.3 area. In determining whether the average annual residential wastewater system cost would
24.4 exceed 1.4 percent, the authority must consider the total costs associated with building,
24.5 operating, and maintaining the wastewater system, including existing wastewater debt
24.6 service, debt service on the eligible project cost, and operation and maintenance costs. Debt
24.7 service costs for the proposed project are calculated based on the maximum loan term
24.8 permitted for the clean water revolving fund loan under section 446A.07, subdivision 7.
24.9 The amount of the grant is equal to 80 percent of the amount needed to reduce the average
24.10 annual residential wastewater system cost to 1.4 percent of median household income in
24.11 the project service area, to a maximum of ~~\$5,000,000~~ \$10,000,000 per project or \$20,000
24.12 per existing connection, whichever is less, unless specifically approved by law. The eligible
24.13 project cost is determined by multiplying the total project costs minus any other grants by
24.14 the essential project component percentage calculated under subdivision 3, paragraph (c),
24.15 clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project
24.16 cost.

24.17 (c) For a governmental unit receiving a loan from the drinking water revolving fund
24.18 under section 446A.081, the authority may provide assistance under this section in the form
24.19 of a grant if the average annual residential drinking water system cost after completion of
24.20 the project would otherwise exceed 1.2 percent of the median household income of the
24.21 project service area. In determining whether the average annual residential drinking water
24.22 system cost would exceed 1.2 percent, the authority must consider the total costs associated
24.23 with building, operating, and maintaining the drinking water system, including existing
24.24 drinking water debt service, debt service on the eligible project cost, and operation and
24.25 maintenance costs. Debt service costs for the proposed project are calculated based on the
24.26 maximum loan term permitted for the drinking water revolving fund loan under section
24.27 446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of
24.28 the amount needed to reduce the average annual residential drinking water system cost to
24.29 1.2 percent of median household income in the project service area, to a maximum of
24.30 ~~\$5,000,000~~ \$10,000,000 per project or \$20,000 per existing connection, whichever is less,
24.31 unless specifically approved by law. The eligible project cost is determined by multiplying
24.32 the total project costs minus any other grants by the essential project component percentage
24.33 calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the
24.34 grant exceed 80 percent of the eligible project cost.

25.1 (d) Notwithstanding the limits in paragraphs (a), (b), and (c), for a governmental unit
25.2 receiving supplemental assistance under this section after January 1, 2002, if the authority
25.3 determines that the governmental unit's construction and installation costs are significantly
25.4 increased due to geological conditions of crystalline bedrock or karst areas and discharge
25.5 limits that are more stringent than secondary treatment, the maximum award under this
25.6 section shall not be more than \$25,000 per existing connection.

25.7 Sec. 2. Minnesota Statutes 2022, section 446A.073, subdivision 1, is amended to read:

25.8 Subdivision 1. **Program established.** When money is appropriated for grants under this
25.9 program, the authority shall award grants up to a maximum of ~~\$7,000,000~~ \$12,000,000 to
25.10 governmental units to cover 80 percent of the cost of water infrastructure projects made
25.11 necessary by:

25.12 (1) a wasteload reduction prescribed under a total maximum daily load plan required by
25.13 section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

25.14 (2) a phosphorus concentration or mass limit which requires discharging one milligram
25.15 per liter or less at permitted design flow which is incorporated into a permit issued by the
25.16 Pollution Control Agency;

25.17 (3) any other water quality-based effluent limit established under section 115.03,
25.18 subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution
25.19 Control Agency that exceeds secondary treatment limits; or

25.20 (4) a total nitrogen concentration or mass limit that requires discharging ten milligrams
25.21 per liter or less at permitted design flow.

116J.435 INNOVATIVE BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE GRANT PROGRAM.

Subd. 5. **Priorities.** (a) If applications for grants exceed the available appropriations, grants must be made for public infrastructure that, in the commissioner's judgment, provides the highest return in public benefits for the public costs incurred. "Public benefits" include job creation, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement. In making this judgment, the commissioner shall give priority to eligible projects with one or more of the following characteristics:

- (1) the potential of the local governmental unit to attract viable innovative businesses;
- (2) proximity to public transit if located in a metropolitan county, as defined in section 473.121, subdivision 4;
- (3) multijurisdictional eligible projects that take into account the need for affordable housing, transportation, and environmental impact;
- (4) the eligible project is not relocating substantially the same operation from another location in the state, unless the commissioner determines the eligible project cannot be reasonably accommodated within the local governmental unit in which the business is currently located, or the business would otherwise relocate to another state or country; and
- (5) the number of jobs that will be created.

(b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate.

116L.17 STATE DISLOCATED WORKER PROGRAM.

Subd. 5. **Cost limitations.** (a) Funds allocated to a grantee are subject to the following cost limitations:

- (1) no more than ten percent may be allocated for administration;
- (2) at least 50 percent must be allocated for training assistance as provided in subdivision 4, clause (4); and
- (3) no more than 15 percent may be allocated for support services as provided in subdivision 4, clause (2).

(b) A waiver of the training assistance minimum in clause (4) may be sought, but no waiver shall allow less than 30 percent of the grant to be spent on training assistance. A waiver of the support services maximum in clause (2) may be sought, but no waiver shall allow more than 20 percent of the grant to be spent on support services. A waiver may be granted below the minimum and above the maximum otherwise allowed by this paragraph if funds other than state funds appropriated for the dislocated worker program are used to fund training assistance.