Senate Language S3035-3

ARTICLE 5

DEED POLICY

Section 1. **[116J.418] OFFICE OF CHILD CARE COMMUNITY PARTNERSHIPS.**

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

(b) "Child care" means the care of children while parents or guardians are at work or absent for another reason.

(c) "Local unit of government" has the meaning given in section 116G.03, subdivision 3.

(d) "Office" means the Office of Child Care Community Partnerships established in subdivision 2, paragraph (a).

Subd. 2. **Office established; purpose.** (a) An Office of Child Care Community Partnerships is established within the Department of Employment and Economic Development. The department may employ a director and staff necessary to carry out the office's duties under subdivision 4.

(b) The purpose of the office is to support child care businesses within the state in order to:

(1) increase the quantity of quality child care available; and

(2) improve accessibility to child care for underserved communities and populations.

Subd. 3. **Organization.** The office shall consist of a director of the Office of Child Care Community Partnerships, as well as any staff necessary to carry out the office's duties under subdivision 4.

Subd. 4. **Duties.** The office shall have the power and duty to:

(1) coordinate with state, regional, local, and private entities to promote investment in increasing the quantity of quality child care in Minnesota;

(2) coordinate with other agencies including but not limited to Minnesota Management and Budget, the Department of Human Services, and the Department of Education to develop, recommend, and implement solutions to increase the quantity of quality child care openings;

(3) administer the child care economic development grant program and other appropriations to the department for this purpose;

(4) monitor the child care business development efforts of other states and countries;

(5) provide support to the governor's Children's Cabinet;

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ARTICLE 3

ECONOMIC DEVELOPMENT POLICY

Section 1. **[116J.418] OFFICE OF CHILD CARE COMMUNITY PARTNERSHIPS.**

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

(b) "Child care" means the care of children while parents or guardians are at work or absent for another reason.

(c) "Local unit of government" has the meaning given in section 116G.03, subdivision 3.

(d) "Office" means the Office of Child Care Community Partnerships established in subdivision 2, paragraph (a).

Subd. 2. **Office established; purpose.** (a) An Office of Child Care Community Partnerships is established within the Department of Employment and Economic Development. The department may employ a director and staff necessary to carry out the office's duties under subdivision 4.

(b) The purpose of the office is to support child care businesses within the state in order to:

(1) increase the quantity of quality child care available; and

(2) improve accessibility to child care for underserved communities and populations.

Subd. 3. **Organization.** The office shall consist of a director of the Office of Child Care Community Partnerships, as well as any staff necessary to carry out the office's duties under subdivision 4.

Subd. 4. **Duties.** The office shall have the power and duty to:

(1) coordinate with state, regional, local, and private entities to promote investment in increasing the quantity of quality child care in Minnesota;

(2) coordinate with other agencies including but not limited to Minnesota Management and Budget, the Department of Human Services, and the Department of Education to develop, recommend, and implement solutions to increase the quantity of quality child care openings;

(3) administer the child care economic development grant program and other appropriations to the department for this purpose;

(4) monitor the child care business development efforts of other states and countries;

(5) provide support to the governor's Children's Cabinet;

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(6) provide an annual report, as required by subdivision 5; and

(7) perform any other activities consistent with the office's purpose.

Subd. 5. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of Child Care Community Partnerships shall report to the legislative committees with jurisdiction over child care policy and finance on the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) an analysis of the current access to child care within the state;

(2) an analysis of the current shortage of child care workers within the state;

(3) a summary of the office's activities;

(4) any proposed legislative and policy initiatives; and

(5) any other information requested by the legislative committees with jurisdiction over child care, or that the office deems necessary.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Sec. 2. **[116J.4231] OFFICE OF NEW AMERICANS.**

Subdivision 1. **Office established; purpose.** (a) The Office of New Americans is established within the Department of Employment and Economic Development. The governor must appoint an assistant commissioner who serves in the unclassified service. The assistant commissioner must hire a program manager, an office assistant, and any staff necessary to carry out the office's duties under subdivision 2.

(b) The purpose of the office is to foster immigrant and refugee inclusion through an intentional process to improve economic mobility, enhance civic participation, and improve receiving communities' openness to immigrants and refugees by incorporating the needs and aspirations of immigrants and refugees, their families, and their communities for the benefit of all by fulfilling the duties outlined in subdivision 2.

Subd. 2. **Duties.** The Office of New Americans has the following duties:

(1) create and implement a statewide strategy and programming to foster and promote immigrant and refugee inclusion in Minnesota so as to improve economic mobility, enhance civic participation, and improve receiving communities' openness to immigrants and refugees;

(2) address the state's workforce needs by connecting employers and job seekers within the immigrant and refugee community;

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(6) provide an annual report, as required by subdivision 5; and

(7) perform any other activities consistent with the office's purpose.

Subd. 5. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of Child Care Community Partnerships shall report to the legislative committees with jurisdiction over child care policy and finance on the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) an analysis of the current access to child care within the state;

(2) an analysis of the current shortage of child care workers within the state;

(3) a summary of the office's activities;

(4) any proposed legislative and policy initiatives; and

(5) any other information requested by the legislative committees with jurisdiction over child care, or that the office deems necessary.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Sec. 7. **[116J.659] OFFICE OF NEW AMERICANS.**

Subdivision 1. **Office established; purpose.** (a) The Office of New Americans is established within the Department of Employment and Economic Development. The governor must appoint an assistant commissioner who serves in the unclassified service. The assistant commissioner must hire a program manager and an office assistant, as well as any staff necessary to carry out the office's duties under subdivision 2.

(b) The purpose of the office is to serve immigrants and refugees in Minnesota by:

(1) addressing challenges that face immigrants and refugees in Minnesota, and creating access in economic development and workforce programs and services; and

(2) providing interstate agency coordination, policy reviews, and guidance that assist in creating access to immigrants and refugees.

Subd. 2. **Duties.** (a) The office has the duty to:

(1) create and implement a statewide strategy to support immigrant and refugee integration into Minnesota communities;

(2) address the state's workforce needs by connecting employers and job seekers within the immigrant and refugee community;

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(3) identify and support implementation of programs and strategies to reduce employment barriers for immigrants and refugees, including the creation of alternative employment pathways;	(3) identify strategies to reduce employment barriers, including the creation of alternative pathways for immigrants and refugees;
(4) support programs and activities designed to ensure equitable access to the workforce for immigrants and refugees, including those who are disabled;	(4) support programs and activities designed to ensure equitable access to the workforce for immigrants and refugees, including those who are disabled;
(5) support equitable opportunities for immigrants and refugees to access state government services and grants, including collaborating with Minnesota's ethnic councils as created by section 15.0145;	(5) support equitable opportunities for immigrants and refugees to access state government services and grants;
(6) work with state agencies, Minnesota's ethnic councils, and community and foundation partners to undertake studies and research and analyze economic and demographic trends to better understand and serve the state's immigrant and refugee communities;	(6) work with state agencies and community and foundation partners to undertake studies and research and analyze economic and demographic trends to better understand and serve the state's immigrant and refugee communities;
(7) coordinate and establish best practices for language access initiatives to all state agencies after soliciting input from Minnesota's ethnic councils;	(7) coordinate and establish best practices for language access initiatives to all state agencies;
(8) convene stakeholders to further the objectives identified in subdivision 1;	(8) convene stakeholders and provide assistance and recommendations to the governor on issues impacting immigrants and refugees;
(9) make policy recommendations to the governor on issues impacting immigrants and refugees in consultation with Minnesota's ethnic councils;	(9) make policy recommendations to the governor on issues impacting immigrants and refugees;
(10) engage all stakeholders to further the objectives identified in subdivision 1 within the context of workforce access and workforce readiness, including in the areas of employment, housing, legal services, health care, and education and communicate the importance of immigrant and refugee inclusion in the success of immigrants, refugees, their children, and the communities in which they settle;	(10) develop systems of communication and collaboration with local offices and service providers to ensure that immigrants and refugees can access support available to them to address multisectoral barriers to success, including in the areas of employment, housing, legal services, health care, and education;
(11) engage with and support existing municipal and county offices that promote and foster immigrant and refugee inclusion and encourage the development of new municipal and county offices dedicated to immigrant and refugee inclusion;	(11) collaborate with existing immigrant and refugee inclusion positions and offices at the city and county level statewide;
	(12) encourage and support the creation of new immigrant and refugee inclusion positions and offices at the city and county level statewide;
(12) serve as the point of contact for immigrants and refugees accessing resources both within the department and with boards charged with oversight of a profession;	(13) serve as the point of contact for immigrants and refugees accessing resources both within the department and with boards charged with oversight of a profession;
(13) promulgate rules necessary to implement and effectuate this section;	(14) promulgate rules necessary to implement and effectuate this section;
(14) provide an annual report, as required by subdivision 3; and	(15) provide an annual report, as required by subdivision 3; and
(15) perform any other activities consistent with the office's purpose.	(16) perform any other activities consistent with the office's purpose.

Subd. 3. **Reporting.** (a) Beginning January 15, 2025, and each year thereafter, the Office of New Americans shall report to the legislative committees with jurisdiction over the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) a summary of the office's activities;

(2) suggested policies, incentives, and legislation designed to accelerate the achievement of the duties under subdivision 2;

(3) any proposed legislative and policy initiatives;

(4) the amount and types of grants awarded under subdivision 6; and

(5) any other information deemed necessary and requested by the legislative committees with jurisdiction over the office.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Subd. 4. **Interdepartmental Coordinating Council on Immigrant and Refugee Affairs.** (a) An Interdepartmental Coordinating Council on Immigrant and Refugee Affairs is established to advise the Office of New Americans.

(b) The purpose of the council is to identify and establish ways in which state departments, agencies, and Minnesota's ethnic councils can work together to deliver state programs and services effectively and efficiently to Minnesota's immigrant and refugee populations. The council shall implement policies, procedures, and programs requested by the governor through the state departments and offices.

(c) The council shall be chaired by the assistant commissioner of the Office of New Americans and shall include the commissioners, department directors, or designees from the following:

(1) the governor's office;

(2) the Department of Administration;

(3) the Department of Employment and Economic Development;

(4) the Department of Human Services;

(5) the Department of Human Services Refugee Resettlement Programs Office;

(6) the Department of Labor and Industry;

(7) the Department of Health;

(8) the Department of Education;

Subd. 3. **Reporting.** (a) Beginning January 15, 2024, and each year thereafter, the Office of New Americans shall report to the legislative committees with jurisdiction over the office's activities during the previous year.

(b) The report shall contain, at a minimum:

(1) a summary of the office's activities;

(2) suggested policies, incentives, and legislation designed to accelerate the achievement of the duties under subdivision 2;

(3) any proposed legislative and policy initiatives;

(4) the amount and types of grants awarded under subdivision 6; and

(5) any other information deemed necessary and requested by the legislative committees with jurisdiction over the office.

(c) The report may be submitted electronically and is subject to section 3.195, subdivision 1.

Subd. 4. **Interdepartmental Coordinating Council on Immigrant and Refugee Affairs.** (a) An interdepartmental Coordinating Council on Immigrant and Refugee Affairs is established to advise the Office of New Americans.

(b) The purpose of the council is to identify and establish ways in which state departments and agencies can work together to deliver state programs and services effectively and efficiently to Minnesota's immigrant and refugee populations. The council shall implement policies, procedures, and programs requested by the governor through the state departments and offices.

(c) The council shall be chaired by the assistant commissioner of the Office of New Americans and shall be comprised of the commissioners, department directors, or senior leadership designees, from the following state departments and offices:

(1) the governor's office;

(2) the Department of Administration;

(3) the Department of Employment and Economic Development;

(4) the Department of Human Services;

(5) the Department of Human Services Resettlement Program Office;

(6) the Department of Labor and Industry;

(7) the Department of Health;

(8) the Department of Education;

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(9) the Office of Higher Education;	(9) the Office of Higher Education;
(10) the Department of Public Safety;	(10) the Department of Public Safety;
(11) the Department of Corrections;	(11) the Department of Corrections;
(12) the Council on Asian Pacific Minnesotans;	(12) the Council for Minnesotans of African Heritage;
(13) the Council for Minnesotans of African Heritage; and	(13) the Minnesota Council on Latino Affairs; and
(14) the Minnesota Council on Latino Affairs.	(14) the Council on Asian Pacific Minnesotans.
(d) Each department or office specified in paragraph (c) shall designate one staff member as an immigrant and refugee services liaison. The liaison's responsibilities shall include:	(d) Each department or office serving as a member of the council shall designate one staff member as an immigrant and refugee services liaison. The liaisons' responsibilities shall include:
(1) preparation and dissemination of information and services available to immigrants and refugees; and	(1) preparation and dissemination of information and services available to immigrants and refugees; and
(2) interfacing with the Office of New Americans on issues that impact immigrants and refugees and their communities.	(2) interfacing with the Office of New Americans on issues that impact immigrants and refugees and their communities.
Subd. 5. **No right of action.** Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state; its departments, agencies, or entities; its officers, employees, or agents; or any other person.	Subd. 5. **No right of action.** Nothing in this section shall be construed to create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the state; its departments, agencies, or entities; its officers, employees, or agents; or any other person.
Subd. 6. **Grants.** The Office of New Americans may apply for grants for interested state agencies, community partners, and stakeholders under this section to carry out the duties under subdivision 2.	Subd. 6. **Grants.** The office may apply for grants for interested state agencies, community partners, and stakeholders under this section to carry out the duties under subdivision 2. In awarding grants, the commissioner must allocate grants as evenly as practicable among interested parties.
Sec. 3. Minnesota Statutes 2022, section 116J.5492, subdivision 8, is amended to read:	Sec. 2. Minnesota Statutes 2022, section 116J.5492, subdivision 8, is amended to read:
Subd. 8. **Meetings.** The advisory committee must meet ~~monthly until the energy transition plan is submitted~~ quarterly and submit an updated energy transition plan annually to the governor and the legislature. Once submitted, the committee shall develop a regular meeting schedule as needed. The chair may call additional meetings as necessary.	Subd. 8. **Meetings.** The advisory committee must meet ~~monthly until the energy transition plan is submitted~~ quarterly and submit an updated energy transition plan annually to the governor and the legislature. Once submitted, the committee shall develop a regular meeting schedule as needed. The chair may call additional meetings as necessary.
Sec. 4. Minnesota Statutes 2022, section 116J.5492, subdivision 10, is amended to read:	Sec. 3. Minnesota Statutes 2022, section 116J.5492, subdivision 10, is amended to read:
Subd. 10. **Expiration.** This section expires ~~the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor~~ on June 30, 2027.	Subd. 10. **Expiration.** This section expires ~~the day after the Minnesota energy transition plan required under section 116J.5493 is submitted to the legislature and the governor~~ on June 30, 2027.
	Sec. 2. **[116J.681] SMALL BUSINESS NAVIGATORS.**
	Subdivision 1. **Definitions.** (a) For the purposes of this section, the following terms have the meanings given.

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

(c) "Small business" has the meaning given in section 645.445.

(d) "Underserved" means Black, Indigenous, people of color, veterans, people with disabilities, rural Minnesotans, and low-income individuals.

Subd. 2. **Generally.** Small business navigators must work with small businesses and entrepreneurs to help navigate state programs, as well as programs managed by nongovernmental partners and other public and private organizations. The purpose of small business navigators is to connect small businesses and entrepreneurs with the services needed to be successful.

Subd. 3. **Staffing.** Staff of small business navigators serve in the classified service of the state and operate as part of the department's Small Business Assistance Office.

Subd. 4. **Commissioner.** The commissioner shall develop and implement training materials and reporting and evaluation procedures for the activities of small business navigators.

Subd. 5. **Duties.** Small business navigators shall:

(1) provide information and direction to small businesses and entrepreneurs in a timely, accurate, and comprehensive manner, connecting them with appropriate assistance services from the state and other governmental and nongovernmental organizations;

(2) build relationships with and provide targeted outreach to historically underserved populations and communities;

(3) provide for the delivery of information and assistance, including but not limited to the use of media, in a culturally appropriate manner that accommodates businesses and entrepreneurs with limited English proficiency;

(4) ensure the availability of small business navigators and materials in all media to persons with physical disabilities; and

(5) coordinate with and augment the services and outreach of the agency's Small Business Assistance Office, Small Business Development Center, Office of Small Business Partnerships, and Launch Minnesota.

Sec. 3. Minnesota Statutes 2022, section 116J.871, subdivision 1, is amended to read:

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

(b) "Economic development" means financial assistance provided to a person directly or to a local unit of government or nonprofit organization on behalf of a person who is engaged in the manufacture or sale of goods and services. Economic development does not include (1) financial assistance for rehabilitation of existing housing ~~or~~, (2) financial

Sec. 5. **[116J.682] SMALL BUSINESS ASSISTANCE PARTNERSHIPS PROGRAM.**

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

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

assistance for new housing construction in which total financial assistance at a single project site is less than $100,000, or (3) financial assistance for detached single-family affordable homeownership units in which the single project site consists of fewer than five units.

(c) "Financial assistance" means (1) a grant awarded by a state agency for economic development related purposes if a single business receives $200,000 or more of the grant proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for economic development related purposes if a single business receives $500,000 or more of the loan proceeds; or (3) a reduction, credit, or abatement of a tax assessed under chapter 297A where the tax reduction, credit, or abatement applies to a geographic area smaller than the entire state and was granted for economic development related purposes. Financial assistance does not include payments by the state of aids and credits under chapter 273 or 477A to a political subdivision.

(d) "Project site" means the location where improvements are made that are financed in whole or in part by the financial assistance; or the location of employees that receive financial assistance in the form of employment and training services as defined in section 116L.19, subdivision 4, or customized training from a technical college.

(e) "State agency" means any agency defined under section 16B.01, subdivision 2, Enterprise Minnesota, Inc., and the Iron Range Resources and Rehabilitation Board.

Sec. 4. Minnesota Statutes 2022, section 116J.871, subdivision 2, is amended to read:

Subd. 2. **Prevailing wage required.** (a) A state agency may provide financial assistance to a person only if the person receiving or benefiting from the financial assistance certifies to the commissioner of labor and industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision 6, and be subject to the requirements and enforcement provisions of sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45.

(b) For the purposes of a person subject to paragraph (a) who is required to comply with section 177.30, paragraph (a), clauses (6) and (7), the state agency awarding the financial assistance is considered the contracting authority and the project is considered a public works project. The person receiving or benefiting from the financial assistance shall notify all employers on the project of the record keeping and reporting requirements of section 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required information to the contracting authority.

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

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

(2) community development financial institutions; or

(3) community development corporations.

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

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

Subd. 2. **Establishment.** The commissioner shall establish the small business assistance partnerships program to make grants to local and regional community-based organizations to provide small business development and technical assistance services to entrepreneurs and small business owners.

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

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

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

Sec. 5. **[116J.8746] SMALL BUSINESS PARTNERSHIP PROGRAM.**

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

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

(c) "Eligible business" means an entity that:

(1) is a business, commercial cooperative, employee-owned business, or commercial land trust; and

(2) is either:

(i) located in greater Minnesota;

(ii) in the field of high technology; or

(iii) at least 51 percent owned by people who are either:

(A) Black, indigenous, or people of color;

(B) women;

(C) immigrants;

(D) veterans;

(E) people with disabilities;

(F) low-income; or

(G) LGBTQ+.

(d) "Program" means the small business partnership program established in this section.

Subd. 2. **Establishment.** The commissioner of employment and economic development shall establish a small business partnership program to make statewide grants to local and regional community-based nonprofit organizations to support the start-up, growth, and success of eligible businesses through the delivery of high-quality free or low-cost professional business development and technical assistance services.

Subd. 3. **Grants to nonprofits.** (a) Nonprofit organizations shall apply for grants using a competitive process established by the commissioner.

(b) All grants shall be made in the first year of the biennium and shall be for two years.

(c) Up to ten percent of the grant amount may be used by the nonprofit for administrative expenses.

(d) Preference shall be given to applications from nonprofits that can demonstrate a record of successful outcomes serving historically underserved communities or increasing the upward economic mobility of clients.

Subd. 4. **Administration.** The commissioner may use up to five percent of program funds for administering and monitoring the program.

Subd. 5. **Reporting.** (a) Grant recipients shall report to the commissioner each year they receive grant funds. This report shall detail the use of grant funds and shall include data on

Sec. 6. **[116J.8733] MINNESOTA EXPANDING OPPORTUNITY FUND PROGRAM.**

Subdivision 1. **Establishment.** The Minnesota Expanding Opportunity Fund Program is established to capitalize Minnesota nonprofit corporations to increase lending activities with Minnesota small businesses.

Subd. 2. **Long-term loans.** The department may make long-term loans of ten to 12 years at 0.5 percent or lower interest rates to nonprofit corporations to enable nonprofit corporations to make more loans to Minnesota small businesses. The department may use the interest received to offset the cost of administering small business lending programs.

Subd. 3. **Loan eligibility; nonprofit corporation.** (a) The eligible nonprofit corporation must not meet the definition of recipient under section 116J.993, subdivision 6.

(b) The commissioner may enter into loan agreements with Minnesota nonprofit corporations that apply to participate in the Minnesota Expanding Opportunity Fund Program. The commissioner shall evaluate applications from applicant nonprofit corporations. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation:

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

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

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

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

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

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

Subd. 4. **Revolving loan fund.** (a) The commissioner shall establish a revolving loan fund to make loans to nonprofit corporations for the purpose of increasing nonprofit corporation capital and lending activities with Minnesota small businesses.

the number of individuals served and other measures of program impact, along with any other information requested by the commissioner.

(b) By January 15, 2025, and by January 15 each odd-numbered year thereafter, the commissioner shall submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over business development that details the use of program funds and the program's impact. This report is in addition to the reporting required under section 3.195.

(b) Nonprofit corporations that receive loans from the commissioner under the program must establish appropriate accounting practices for the purpose of tracking eligible loans.

Subd. 5. **Loan portfolio administration.** (a) The interest rate charged by a nonprofit corporation for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus two percent. A nonprofit corporation participating in the Minnesota Expanding Opportunity Fund Program may charge a loan closing fee equal to or less than two percent of the loan value.

(b) The nonprofit corporation may retain all earnings from fees and interest from loans to small businesses.

Subd. 6. **Cooperation.** A nonprofit corporation that receives a program loan shall cooperate with other organizations, including but not limited to community development corporations, community action agencies, and the Minnesota small business development centers.

Subd. 7. **Reporting requirements.** (a) A nonprofit corporation that receives a program loan must submit an annual report to the commissioner by February 15 of each year that includes:

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

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

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

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

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

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

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

(8) an explanation of administrative expenses.

(b) A nonprofit corporation that receives a program loan must provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

Sec. 7. Minnesota Statutes 2022, section 116J.8748, subdivision 3, is amended to read:

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

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

(i) manufacturing;

Sec. 6. Minnesota Statutes 2022, section 116J.8748, subdivision 3, is amended to read:

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

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

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

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

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

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

(ii) expend at least $25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least ~~200~~ 100 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and~~ ~~75~~ or expend at least $10,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 50 employees for projects located outside the metropolitan area;

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

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

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

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

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

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

(ii) expend at least $25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least ~~200~~ 100 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and~~ ~~75~~ or expend at least $10,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 50 employees for projects located outside the metropolitan area;

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

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

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

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

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

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

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

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

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

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

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

(9) any other criteria the commissioner deems necessary.

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

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

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

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

Sec. 8. Minnesota Statutes 2022, section 116J.8748, subdivision 4, is amended to read:

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

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area

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

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

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Sec. 7. Minnesota Statutes 2022, section 116J.8748, subdivision 4, is amended to read:

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

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

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

(3) up to $1,000,000 in capital investment rebates and $1,000,000 in job creation awards are allowable for projects that have at least $25,000,000 in capital investment and ~~200~~ 100 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and ~~75~~ 50 new employees for projects located outside the metropolitan area;

(4) up to $1,000,000 in capital investment rebates and up to $1,000,000 in job creation awards are allowable for projects that have at least $25,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and ~~200~~ 100 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and 75~~ or at least $10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained employees for projects located outside the metropolitan area; and

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

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

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least $500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes

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

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

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

(3) up to $1,000,000 in capital investment rebates and $1,000,000 in job creation awards are allowable for projects that have at least $25,000,000 in capital investment and ~~200~~ 100 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and ~~75~~ 50 new employees for projects located outside the metropolitan area;

(4) up to $1,000,000 in capital investment rebates and up to $1,000,000 in job creation awards are allowable for projects that have at least $25,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and ~~200~~ 100 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and 75~~ or at least $10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained employees for projects located outside the metropolitan area; and

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

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

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least $500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes

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that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

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

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

(g) A Minnesota job creation fund business must demonstrate reasonable progress on capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 9. Minnesota Statutes 2022, section 116J.8748, subdivision 6, is amended to read:

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

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

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

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that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

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

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

Sec. 10. Minnesota Statutes 2022, section 116J.8748, is amended by adding a subdivision to read:

Subd. 6a. **Transfer.** The commissioner may transfer up to $2,000,000 of a fiscal year appropriation between the Minnesota job creation fund program and the redevelopment grant program to meet business demand.

Sec. 11. **[116J.8751] LAUNCH MINNESOTA.**

Subdivision 1. **Establishment.** Launch Minnesota is established within the Business and Community Development Division of the Department of Employment and Economic Development to encourage and support the development of new private sector technologies and support the science and technology policies under section 3.222. Launch Minnesota must provide entrepreneurs and emerging technology-based companies business development assistance and financial assistance to spur growth.

Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given.

(b) "Advisory board" means the board established under subdivision 10.

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

(d) "Department" means the Department of Employment and Economic Development.

(e) "Entrepreneur" means a Minnesota resident who is involved in establishing a business entity and secures resources directed to its growth while bearing the risk of loss.

(f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

(g) "Innovative technology and business" means a new novel business model or product; a derivative product incorporating new elements into an existing product; a new use for a product; or a new process or method for the manufacture, use, or assessment of any product or activity, patentability, or scalability. Innovative technology or business model does not include locally based retail, lifestyle, or business services. The business must not be primarily engaged in real estate development, insurance, banking, lending, lobbying, political consulting, information technology consulting, wholesale or retail trade, leisure, hospitality, transportation, construction, ethanol production from corn, or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants.

(h) "Institution of higher education" has the meaning given in section 136A.28, subdivision 6.

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(h) "Institution of higher education" has the meaning given in Minnesota Statutes, section 136A.28, subdivision 6.

(i) "Minority group member" means a United States citizen or lawful permanent resident who is Asian, Pacific Islander, Black, Hispanic, or Native American.

(j) "Research and development" means any activity that is:

(1) a systematic, intensive study directed toward greater knowledge or understanding of the subject studies;

(2) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

(3) a systematic application of knowledge toward the production of useful materials, devices, systems and methods, including design, development and improvement of prototypes and new processes to meet specific requirements.

(k) "Start-up" means a business entity that has been in operation for less than ten years, has operations in Minnesota, and is in the development stage defined as devoting substantially all of its efforts to establishing a new business and either of the following conditions exists:

(1) planned principal operations have not commenced; or

(2) planned principal operations have commenced, but have raised at least $1,000,000 in equity financing.

(l) "Technology-related assistance" means the application and utilization of technological-information and technologies to assist in the development and production of new technology-related products or services or to increase the productivity or otherwise enhance the production or delivery of existing products or services.

(m) "Trade association" means a nonprofit membership organization organized to promote businesses and business conditions and having an election under Internal Revenue Code section 501(c)(3) or 501(c)(6).

(n) "Veteran" has the meaning given in section 197.447.

Subd. 3. **Duties.** The commissioner, by and through Launch Minnesota, shall:

(1) support innovation and initiatives designed to accelerate the growth of innovative technology and business start-ups in Minnesota;

(2) in partnership with other organizations, offer classes and instructional sessions on how to start an innovative technology and business start-up;

(3) promote activities for entrepreneurs and investors regarding the state's growing innovation economy;

(4) hold events and meetings that gather key stakeholders in the state's innovation sector;

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(5) conduct outreach and education on innovation activities and related financial programs available from the department and other organizations, particularly for underserved communities;

(6) interact and collaborate with statewide partners including but not limited to businesses, nonprofits, trade associations, and higher education institutions;

(7) administer an advisory board to assist with direction, grant application review, program evaluation, report development, and partnerships;

(8) accept grant applications under subdivisions 5, 6, and 7 and work with the advisory board to review and prioritize the applications and provide recommendations to the commissioner; and

(9) perform other duties at the commissioner's discretion.

Subd. 4. **Administration.** (a) The executive director shall:

(1) assist the commissioner and the advisory board in performing the duties of Launch Minnesota; and

(2) comply with all state and federal program requirements, and all state and federal securities and tax laws and regulations.

(b) Launch Minnesota may occupy and lease physical space in a private coworking facility that includes office space for staff and space for community engagement for training entrepreneurs. The physical space leased under this paragraph is exempt from the requirements in section 16B.24, subdivision 6.

(c) At least three times per month, Launch Minnesota staff shall communicate with organizations in greater Minnesota that have received a grant under subdivision 7. To the extent possible, Launch Minnesota shall form partnerships with organizations located throughout the state.

(d) Launch Minnesota must accept grant applications under this section and provide funding recommendations to the commissioner and the commissioner shall distribute grants based in part on the recommendations.

Subd. 5. **Application process.** (a) The commissioner shall establish the application form and procedures for grants.

(b) Upon receiving recommendations from Launch Minnesota, the commissioner is responsible for evaluating all applications using evaluation criteria which shall be developed by Launch Minnesota in consultation with the advisory board.

(c) For grants under subdivision 6, priority shall be given if the applicant is:

(1) a business or entrepreneur located in greater Minnesota; or

(5) conduct outreach and education on innovation activities and related financial programs available from the department and other organizations, particularly for underserved communities;

(6) interact and collaborate with statewide partners including but not limited to businesses, nonprofits, trade associations, and higher education institutions;

(7) administer an advisory board to assist with direction, grant application review, program evaluation, report development, and partnerships;

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(c) For grants under subdivision 6, priority shall be given if the applicant is:

(1) a business or entrepreneur located in greater Minnesota; or

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(2) a business owner, individual with a disability, or entrepreneur who is a woman, veteran, or minority group member.

(d) For grants under subdivision 7, priority shall be given if the applicant is planning to serve:

(1) businesses or entrepreneurs located in greater Minnesota; or

(2) business owners, individuals with disabilities, or entrepreneurs who are women, veterans, or minority group members.

(e) The department staff, and not Launch Minnesota staff, are responsible for awarding funding, disbursing funds, and monitoring grantee performance for all grants awarded under this section.

(f) Grantees must provide matching funds by equal expenditures and grant payments must be provided on a reimbursement basis after review of submitted receipts by the department.

(g) Grant applications must be accepted on a regular periodic basis by Launch Minnesota and must be reviewed by Launch Minnesota and the advisory board before being submitted to the commissioner with their recommendations.

Subd. 6. **Innovation grants.** (a) The commissioner shall distribute innovation grants under this subdivision.

(b) The commissioner shall provide a grant of up to $35,000 to an eligible business or entrepreneur for research and development expenses, direct business expenses, and the purchase of technical assistance or services from public higher education institutions and nonprofit entities. Research and development expenditures may include but are not limited to proof of concept activities, intellectual property protection, prototype designs and production, and commercial feasibility. Expenditures funded under this subdivision are not eligible for the research and development tax credit under section 290.068. Direct business expenses may include rent, equipment purchases, and supplier invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed under this paragraph. Technical assistance or services must be purchased to assist in the development or commercialization of a product or service to be eligible. Each business or entrepreneur may receive only one grant per biennium under this paragraph.

(c) The commissioner shall provide a grant of up to $35,000 in Phase 1 or $50,000 in Phase 2 to an eligible business or entrepreneur that, as a registered client of the Small Business Innovation Research (SBIR) program, has been awarded a first time Phase 1 or Phase 2 award pursuant to the SBIR or Small Business Technology Transfer (STTR) programs after July 1, 2019. Each business or entrepreneur may receive only one grant per biennium under this paragraph. Grants under this paragraph are not subject to the requirements of subdivision 2, paragraph (k).

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(2) a business owner, individual with a disability, or entrepreneur who is a woman, veteran, or minority group member.

(d) For grants under subdivision 7, priority shall be given if the applicant is planning to serve:

(1) businesses or entrepreneurs located in greater Minnesota; or

(2) business owners, individuals with disabilities, or entrepreneurs who are women, veterans, or minority group members.

(e) The department staff, and not Launch Minnesota staff, are responsible for awarding funding, disbursing funds, and monitoring grantee performance for all grants awarded under this section.

(f) Grantees must provide matching funds by equal expenditures and grant payments must be provided on a reimbursement basis after review of submitted receipts by the department.

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Subd. 6. **Innovation grants.** (a) The commissioner shall distribute innovation grants under this subdivision.

(b) The commissioner shall provide a grant of up to $35,000 to an eligible business or entrepreneur for research and development expenses, direct business expenses, and the purchase of technical assistance or services from public higher education institutions and nonprofit entities. Research and development expenditures may include but are not limited to proof of concept activities, intellectual property protection, prototype designs and production, and commercial feasibility. Expenditures funded under this subdivision are not eligible for the research and development tax credit under Minnesota Statutes, section 290.068. Direct business expenses may include rent, equipment purchases, and supplier invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed under this paragraph. Technical assistance or services must be purchased to assist in the development or commercialization of a product or service to be eligible. Each business or entrepreneur may receive only one grant per biennium under this paragraph.

(c) The commissioner shall provide a grant of up to $35,000 in Phase 1 or $50,000 in Phase 2 to an eligible business or entrepreneur that, as a registered client of the Small Business Innovation Research (SBIR) program, has been awarded a first time Phase 1 or Phase 2 award pursuant to the SBIR or Small Business Technology Transfer (STTR) programs after July 1, 2019. Each business or entrepreneur may receive only one grant per biennium under this paragraph. Grants under this paragraph are not subject to the requirements of subdivision 2, paragraph (k).

Senate Language S3035-3

Subd. 7. **Entrepreneur education grants.** (a) The commissioner shall make entrepreneur education grants to institutions of higher education and other organizations to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative technology businesses throughout Minnesota.

(b) Applications for entrepreneur education grants under this subdivision must be submitted to the commissioner and evaluated by department staff other than Launch Minnesota. The evaluation criteria must be developed by Launch Minnesota, in consultation with the advisory board, and the commissioner, and priority must be given to an applicant who demonstrates activity assisting business owners or entrepreneurs residing in greater Minnesota or who are women, veterans, or minority group members.

(c) Department staff other than Launch Minnesota staff are responsible for awarding funding, disbursing funds, and monitoring grantee performance under this subdivision.

(d) Grantees may use the grant funds to deliver the following services:

(1) development and delivery to innovative technology businesses of industry specific or innovative product or process specific counseling on issues of business formation, market structure, market research and strategies, securing first mover advantage or overcoming barriers to entry, protecting intellectual property, and securing debt or equity capital. This counseling is to be delivered in a classroom setting or using distance media presentations;

(2) outreach and education to businesses and organizations on the small business investment tax credit program under section 116J.8737, the MNvest crowd-funding program under section 80A.461, and other state programs that support innovative technology business creation especially in underserved communities;

(3) collaboration with institutions of higher education, local organizations, federal and state agencies, the Small Business Development Center, and the Small Business Assistance Office to create and offer educational programming and ongoing counseling in greater Minnesota that is consistent with those services offered in the metropolitan area; and

(4) events and meetings with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota's growing innovation economy.

Subd. 8. **Report.** (a) Launch Minnesota shall annually report by December 31 to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. Each report shall include information on the work completed, including awards made by the department under this section and progress toward transferring the activities of Launch Minnesota to an entity outside of state government.

(b) By December 31, 2024, Launch Minnesota shall provide a comprehensive transition plan to the chairs and ranking minority members of the committees of the house of

House Language UES3035-2

Subd. 7. **Entrepreneur education grants.** (a) The commissioner shall make entrepreneur education grants to institutions of higher education and other organizations to provide educational programming to entrepreneurs and provide outreach to and collaboration with businesses, federal and state agencies, institutions of higher education, trade associations, and other organizations working to advance innovative technology businesses throughout Minnesota.

(b) Applications for entrepreneur education grants under this subdivision must be submitted to the commissioner and evaluated by department staff other than Launch Minnesota. The evaluation criteria must be developed by Launch Minnesota, in consultation with the advisory board, and the commissioner, and priority must be given to an applicant who demonstrates activity assisting business owners or entrepreneurs residing in greater Minnesota or who are women, veterans, or minority group members.

(c) Department staff other than Launch Minnesota staff are responsible for awarding funding, disbursing funds, and monitoring grantee performance under this subdivision.

(d) Grantees may use the grant funds to deliver the following services:

(1) development and delivery to innovative technology businesses of industry specific or innovative product or process specific counseling on issues of business formation, market structure, market research and strategies, securing first mover advantage or overcoming barriers to entry, protecting intellectual property, and securing debt or equity capital. This counseling is to be delivered in a classroom setting or using distance media presentations;

(2) outreach and education to businesses and organizations on the small business investment tax credit program under Minnesota Statutes, section 116J.8737, the MNvest crowd-funding program under Minnesota Statutes, section 80A.461, and other state programs that support innovative technology business creation especially in underserved communities;

(3) collaboration with institutions of higher education, local organizations, federal and state agencies, the Small Business Development Center, and the Small Business Assistance Office to create and offer educational programming and ongoing counseling in greater Minnesota that is consistent with those services offered in the metropolitan area; and

(4) events and meetings with other innovation-related organizations to inform entrepreneurs and potential investors about Minnesota's growing innovation economy.

Subd. 8. **Report.** (a) Launch Minnesota shall annually report by December 31 to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. Each report shall include information on the work completed, including awards made by the department under this section and progress toward transferring the activities of Launch Minnesota to an entity outside of state government.

(b) By December 31, 2024, Launch Minnesota shall provide a comprehensive transition plan to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over economic development policy and finance. The transition plan shall include: (1) a detailed strategy for the transfer of Launch Minnesota activities to an entity outside of state government; (2) the projected date of the transfer; and (3) the role of the state, if any, in ongoing activities of Launch Minnesota or its successor entity.

Subd. 9. **Advisory board.** (a) The commissioner shall establish an advisory board to advise the executive director regarding the activities of Launch Minnesota, make the recommendations described in this section, and develop and initiate a strategic plan for transferring some activities of Launch Minnesota to a new or existing public-private partnership or nonprofit organization outside of state government.

(b) The advisory board shall consist of ten members and is governed by section 15.059. A minimum of seven members must be from the private sector representing business and at least two members but no more than three members must be from government and higher education. At least three of the members of the advisory board shall be from greater Minnesota and at least three members shall be minority group members. Appointees shall represent a range of interests, including entrepreneurs, large businesses, industry organizations, investors, and both public and private small business service providers.

(c) The advisory board shall select a chair from its private sector members. The executive director shall provide administrative support to the committee.

(d) The commissioner, or a designee, shall serve as an ex-officio, nonvoting member of the advisory board.

Sec. 12. **[116J.8752] MINNESOTA FORWARD FUND.**

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

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

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

representatives and senate having jurisdiction over economic development policy and finance. The transition plan shall include: (1) a detailed strategy for the transfer of Launch Minnesota activities to an entity outside of state government; (2) the projected date of the transfer; and (3) the role of the state, if any, in ongoing activities of Launch Minnesota or its successor entity.

Subd. 9. **Advisory board.** (a) The commissioner shall establish an advisory board to advise the executive director regarding the activities of Launch Minnesota, make the recommendations described in this section, and develop and initiate a strategic plan for transferring some activities of Launch Minnesota to a new or existing public-private partnership or nonprofit organization outside of state government.

(b) The advisory board shall consist of ten members and is governed by Minnesota Statutes, section 15.059. A minimum of seven members must be from the private sector representing business and at least two members but no more than three members must be from government and higher education. At least three of the members of the advisory board shall be from greater Minnesota and at least three members shall be minority group members. Appointees shall represent a range of interests, including entrepreneurs, large businesses, industry organizations, investors, and both public and private small business service providers.

(c) The advisory board shall select a chair from its private sector members. The executive director shall provide administrative support to the committee.

(d) The commissioner, or a designee, shall serve as an ex-officio, nonvoting member of the advisory board.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees are or will be employed, equipment and machinery in the building, and operating expenses related to the building.

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

(f) "Fund" means the Minnesota forward fund.

Subd. 2. **Minnesota forward fund account.** The Minnesota forward fund account is created as a separate account in the treasury. Money in the account is appropriated to the commissioner of employment and economic development for the purposes of this section. All money earned by the account, loan repayments of principal, and interest must be credited to the account. The commissioner shall operate the account as a revolving account.

Subd. 3. **Purpose.** The Minnesota forward fund is created to increase the state's competitiveness by providing the state the authority and flexibility to facilitate private investment. The fund serves as a closing fund to allow the authority and flexibility to negotiate incentives to better compete with other states for business retention, expansion and attraction of projects in existing and new industries, develop properties for business use, and leverage to meet matching requirements of federal funding for resiliency in economic security and economic enhancement opportunities that provide the public high-quality employment opportunities. The commissioner shall use money appropriated to the fund to:

(1) create and retain permanent private-sector jobs in order to create above-average economic growth consistent with environmental protection;

(2) stimulate or leverage private investment to ensure economic renewal and competitiveness;

(3) increase the local tax base, based on demonstrated measurable outcomes, to guarantee a diversified industry mix;

(4) improve the quality of existing jobs, based on increases in wages or improvements in the job duties, training, or education associated with those jobs;

(5) improve employment and economic opportunity for citizens in the region to create a reasonable standard of living, consistent with federal and state guidelines on low- to moderate-income persons;

(6) stimulate productivity growth through improved manufacturing or new technologies; and

(7) match or leverage private or public funding to increase investment and opportunity in the state.

Subd. 4. **Use of fund.** The commissioner may use money in the fund to make grants, loans and forgivable loans, to businesses that are making large private capital investments in existing and new industries. The commissioner may also use money in the fund to make grants to communities and higher education institutions to support such capital investments and related activities to support the industries. Money may be used to address capital needs of businesses for machinery and equipment purchases; building construction and remodeling; land development; water and sewer lines, roads, rail lines, and natural gas and electric infrastructure; working capital; and workforce training. Money may also be used for matching federal grants for research and development projects and industry workforce training grants for existing and new industries that require state and local match. Money in the fund may also be used for administration and monitoring of the program and to pay for the costs of carrying out the commissioner's due diligence duties under this section.

Subd. 5. **Grant limits.** (a) Individual business expansion projects are limited to no more than $20,000,000 in grants or loans combined. The commissioner shall not be precluded from using other funding sources from the Department of Employment and Economic Development to facilitate a project. Total funding per business under this section shall not exceed $20,000,000, of which no more than $10,000,000 may be grants and $10,000,000 may be loans.

(b) The commissioner may use money in the fund to make grants to a municipality or local unit of government for public and private infrastructure needed to support an eligible project under this section. Grant money may be used by the municipality or local unit of government to predesign, design, construct, and equip roads and rail lines; acquire and prepare land for development; and, in cooperation with municipal utilities, to predesign, design, construct, and equip natural gas pipelines, electric infrastructure, water supply systems, and wastewater collection and treatment systems. The maximum grant award per local unit of government under this section is $10,000,000.

(c) The commissioner may use money in the fund to make grants to institutions of higher education for developing and deploying training programs and to increase the capacity of the institution to serve industrial requirements for research and development that coincide with current and future requirements of projects eligible under this section. Grant money may be used to construct and equip facilities that serve the purpose of the industry. The maximum grant award per institution of higher education under this section is $5,000,000 and may not represent more than 33 percent of the total project funding from other sources.

(d) Grants under this subdivision are available until expended.

Subd. 6. **Administration.** (a) Eligible applicants for the state-funded portion of the fund also include development authorities as defined in section 116J.552, subdivision 4, provided that the governing body of the municipality approves, by resolution, the application of the development authority. Institutions of higher education also constitute eligible applicants for the purpose of developing and deploying workforce training programs and for developing and deploying research and development partnerships for projects eligible under this section.

(b) The business, municipality, or local unit of government must request and submit an application to the commissioner. Applications must be in the form and procedure specified by the commissioner.

(c) The commissioner must conduct due diligence, including contracting with professionals as needed to assist in the due diligence.

(d) Notwithstanding any other law to the contrary, grant and loan agreements through the Minnesota forward fund may exceed five years but not more than ten years.

Subd. 7. **Requirements prior to committing funds.** Prior to the commissioner making a commitment for grant or loan under this section, the Legislative Advisory Commission and governor must jointly provide written authorization. The commissioner shall provide a written report to the Legislative Advisory Commission and governor, including but not limited to the purpose of the award, the project overview, financial details, and the performance requirements required 14 days prior to any meeting or decision.

Subd. 8. **Eligible projects.** (a) The governor and the Legislative Advisory Commission must evaluate applications under this section on the existence of one or more of the following conditions:

(1) creation of new jobs, retention of existing jobs, or improvements in the quality of existing jobs as measured by the wages, skills, or education associated with those jobs;

(2) whether the project can demonstrate that investment of public dollars induces private and other public funds as follows;

(i) businesses in the seven-county metropolitan area must invest more than $40,000,000 in capital expenditures and create at least 70 jobs or retain at least 150 jobs;

(ii) businesses outside of the seven-county metropolitan area must invest more than $25,000,000 in capital expenditures and create at least 40 new jobs or retain at least 75 jobs; and

(iii) cash wages of each new employee must exceed 120 percent of federal poverty guidelines for a family of four, adjusted annually;

(3) whether the project can demonstrate an excessive public infrastructure or improvement cost beyond the means of the affected community and private participants in the project;

(4) whether assistance is necessary to retain existing business or whether assistance is necessary to attract out-of-state business;

(5) the project promotes or advances an industry in which the federal government is making large investments to strengthen domestic production and supply chains that are resilient for economic security and economic enhancement opportunities;

(6) the project promotes or advances the green economy as defined in section 116J.437;

(7) the project requires state resources beyond the capability of existing programs at the department and by its significance, requires the governor and legislature's involvement; and

(8) written support from the municipality or local unit of government in which the project will be located.

(b) The governor and the Legislative Advisory Commission shall submit applications recommended for funding to the commissioner.

Subd. 9. **Requirements for fund disbursements.** Disbursements of loan funds pursuant to a commitment may not be made until:

(1) commitments for the remainder of a project's funding are made that are satisfactory to the commissioner and disbursements made from the other commitments are sufficient to protect the interests of the state in its grant or loan;

(2) performance requirements are met, if any;

(3) the municipality or local unit of government in which the project will be located has passed a resolution of support for the project and submitted this resolution of support to the department; and

(4) all of a project's funding is satisfactory to the commissioner and disbursements made from other commitments are sufficient to protect the interests of the state.

Subd. 10. **Reporting.** The commissioner shall provide the Legislative Advisory Commission and the ranking members of the committees with jurisdiction over economic development with an annual report on all projects that have been approved by February 15 of each year until this section is repealed or the funding has been exhausted.

Sec. 11. Minnesota Statutes 2022, section 116J.9924, subdivision 4, is amended to read:

Subd. 4. **Grant amount; project phasing.** (a) The commissioner shall award grants in an amount not to exceed ~~$1,500,000~~ $3,000,000 per grant.

(b) A grant awarded under this section must be no less than the amount required to complete one or more phases of the project, less any nonstate funds already committed for such activities.

Sec. 12. **[116J.9925] COMMUNITY WEALTH-BUILDING GRANT PROGRAM.**

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

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

(c) "Community business" means a cooperative, an employee-owned business, or a commercial land trust that is at least 51 percent owned by individuals from targeted groups.

(d) "Partner organization" means a community development financial institution or nonprofit corporation.

(e) "Program" means the community wealth-building grant program created under this section.

(f) "Targeted groups" means persons who are Black, Indigenous, People of Color, immigrants, low-income, women, veterans, or persons with disabilities.

Subd. 2. **Establishment.** The commissioner shall establish a community wealth-building grant program to award grants to partner organizations to fund low-interest loans to community businesses. The program must encourage tax-base revitalization, private investment, job creation for targeted groups, creation and strengthening of business enterprises, assistance to displaced businesses, and promotion of economic development in low-income areas.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall award grants to partner organizations through a competitive grant process where applicants apply using a form designed by the commissioner. In evaluating applications, the commissioner shall consider whether the applicant:

(1) has a board of directors that includes members experienced in business and community development, operating community businesses, addressing racial income disparities, and creating jobs for targeted groups;

(2) has the technical skills to analyze projects;

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

(4) can initiate and implement economic development projects;

(5) can establish a program and administer funds;

(6) can work with job referral networks assisting targeted groups; and

(7) has established relationships with communities of targeted groups.

(b) The commissioner shall ensure that loans through the program will fund community businesses statewide and shall make reasonable attempts to balance the amount of funding available to community businesses inside and outside of the metropolitan area as defined under section 473.121, subdivision 2.

(c) Partner organizations that receive grants under this subdivision shall use up to ten percent of their award to provide specialized technical and legal assistance, either directly or through a partnership with organizations with expertise in shared ownership structures, to community businesses and businesses in the process of transitioning to community ownership.

(d) Grants under this subdivision are available for five years. The commissioner shall review existing grant agreements every five years and may renew or terminate the agreement based on that review and consideration of the criteria under paragraph (a).

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

(b) Under the plan:

(1) the state contribution to each loan shall be no less than $50,000 and no more than $2,500,000;

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

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

(4) the interest rate on a loan shall not be higher than the Wall Street Journal prime rate;

(5) 50 percent of all repayments of principal on a loan under the program shall be repaid to the community wealth-building account created under subdivision 5. The partner organization may retain the remainder of loan repayments to service loans and provide further technical assistance;

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

(7) a partner organization may not make a loan to a project in which it has an ownership interest.

Subd. 5. **Community wealth-building account.** A community wealth-building account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants under this section.

Subd. 6. **Reports.** (a) Grant recipients shall submit an annual report to the commissioner by January 31 of each year they participate in the program. The report shall include:

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

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

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

Senate Language S3035-3

Sec. 13. Minnesota Statutes 2022, section 116L.361, subdivision 7, is amended to read:

Subd. 7. **~~Very~~ Low income.** "~~Very~~ Low income" means incomes that are at or less than ~~50~~ 80 percent of the area median income, adjusted for family size, as estimated by the Department of Housing and Urban Development.

Sec. 14. Minnesota Statutes 2022, section 116L.362, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner shall make grants to eligible organizations for programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience for targeted youth who have not been served effectively by the current educational system. The programs are to include a work experience component with work projects that result in the rehabilitation, improvement, or construction of (1) residential units for the homeless; (2) improvements to the energy efficiency and environmental health of residential units and other green jobs purposes; (3) facilities to support community garden projects; or (4) education, social service, or health facilities which are owned by a public agency or a private nonprofit organization.

(b) Eligible facilities must principally provide services to homeless or ~~very~~ low income individuals and families, and include the following:

(1) Head Start or day care centers, including playhouses or similar incidental structures;

(2) homeless, battered women, or other shelters;

(3) transitional housing and tiny houses;

(4) youth or senior citizen centers;

(5) community health centers; and

(6) community garden facilities.

Two or more eligible organizations may jointly apply for a grant. The commissioner shall administer the grant program.

Sec. 15. Minnesota Statutes 2022, section 116L.364, subdivision 3, is amended to read:

Subd. 3. **Work experience component.** A work experience component must be included in each program. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities. A training subsidy, living allowance, or stipend, not to exceed an amount equal to 100 percent of the poverty line for a family of two as defined in ~~United States Code, title 42, section 673, paragraph~~

House Language UES3035-2

(b) By February 15 of each year beginning in 2024, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over workforce and economic development on program outcomes, including copies of all reports received under paragraph (a).

Sec. 8. Minnesota Statutes 2022, section 116L.361, subdivision 7, is amended to read:

Subd. 7. **~~Very~~ Low income.** "~~Very~~ Low income" means incomes that are at or less than ~~50~~ 80 percent of the area median income, adjusted for family size, as estimated by the Department of Housing and Urban Development.

Sec. 9. Minnesota Statutes 2022, section 116L.362, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner shall make grants to eligible organizations for programs to provide education and training services to targeted youth. The purpose of these programs is to provide specialized training and work experience for targeted youth who have not been served effectively by the current educational system. The programs are to include a work experience component with work projects that result in the rehabilitation, improvement, or construction of (1) residential units for the homeless; (2) improvements to the energy efficiency and environmental health of residential units and other green jobs purposes; (3) facilities to support community garden projects; or (4) education, social service, or health facilities which are owned by a public agency or a private nonprofit organization.

(b) Eligible facilities must principally provide services to homeless or ~~very~~ low income individuals and families, and include the following:

(1) Head Start or day care centers, including playhouses or similar incidental structures;

(2) homeless, battered women, or other shelters;

(3) transitional housing and tiny houses;

(4) youth or senior citizen centers;

(5) community health centers; and

(6) community garden facilities.

Two or more eligible organizations may jointly apply for a grant. The commissioner shall administer the grant program.

Sec. 10. Minnesota Statutes 2022, section 116L.364, subdivision 3, is amended to read:

Subd. 3. **Work experience component.** A work experience component must be included in each program. The work experience component must provide vocational skills training in an industry where there is a viable expectation of job opportunities. A training subsidy, living allowance, or stipend, not to exceed an amount equal to 100 percent of the poverty line for a family of two as defined in ~~United States Code, title 42, section 673, paragraph~~

~~(2)~~ the final rules and regulations of the Workforce Innovation and Opportunity Act, may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in (1) the expansion or improvement of residential units for homeless persons and ~~very~~ low income families; (2) improvements to the energy efficiency and environmental health of residential units; (3) facilities to support community garden projects; or (4) rehabilitation, improvement, or construction of eligible education, social service, or health facilities that principally serve homeless or ~~very~~ low income individuals and families. Any work project must include direct supervision by individuals skilled in each specific vocation. Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Sec. 16. **[116L.43] TARGETED POPULATIONS WORKFORCE GRANTS.**

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

(b) "Entry level jobs" means part-time or full-time jobs that an individual can perform without any prior education or experience.

~~(2)~~ the final rules and regulations of the Workforce Innovation and Opportunity Act, may be provided to program participants. The wage or stipend must be provided to participants who are recipients of public assistance in a manner or amount which will not reduce public assistance benefits. The work experience component must be designed so that work projects result in (1) the expansion or improvement of residential units for homeless persons and ~~very~~ low income families; (2) improvements to the energy efficiency and environmental health of residential units; (3) facilities to support community garden projects; or (4) rehabilitation, improvement, or construction of eligible education, social service, or health facilities that principally serve homeless or ~~very~~ low income individuals and families. Any work project must include direct supervision by individuals skilled in each specific vocation. Program participants may earn credits toward the completion of their secondary education from their participation in the work experience component.

Sec. 11. Minnesota Statutes 2022, section 116L.365, subdivision 1, is amended to read:

Subdivision 1. **Priority for housing.** Any residential or transitional housing units that become available through a work project that is part of the program described in section 116L.364 must be allocated in the following order:

(1) homeless targeted youth who have participated in constructing, rehabilitating, or improving the unit;

(2) homeless families with at least one dependent;

(3) other homeless individuals;

(4) other ~~very~~ low income families and individuals; and

(5) families or individuals that receive public assistance and that do not qualify in any other priority group.

Sec. 12. **[116L.43] TARGETED POPULATIONS WORKFORCE GRANTS.**

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

(b) "Community-based organization" means a nonprofit organization that:

(1) provides workforce development programming or services;

(2) has an annual organizational budget of no more than $1,000,000;

(3) has its primary office located in a historically underserved community of color or low-income community; and

(4) serves a population that generally reflects the demographics of that local community.

(c) "Entry level jobs" means part-time or full-time jobs that an individual can perform without any prior education or experience.

Senate Language S3035-3	House Language UES3035-2
(c) "High wage" means the income needed for a family to cover minimum necessary expenses in a given area, including food, child care, health care, housing, and transportation.	(d) "High wage" means the income needed for a family to cover minimum necessary expenses in a given geographic area, including food, child care, health care, housing, and transportation.
(d) "Industry specific certification" means a credential an individual can earn to show proficiency in a particular area or skill.	(e) "Industry specific certification" means a credential an individual can earn to show proficiency in a particular area or skill.
(e) "Remedial training" means additional training provided to staff following the identification of a need intended to increase proficiency in performing job tasks.	(f) "Remedial training" means additional training provided to staff following the identification of a need and intended to increase proficiency in performing job tasks.
(f) "Small business" has the same meaning as section 645.445.	(g) "Small business" has the same meaning as section 645.445.
(g) "Workforce development community-based organization" means a nonprofit organization with under $1,000,000 in annual revenue that performs workforce development activities.	
Subd. 2. **Job and entrepreneurial skills training grants.** (a) The commissioner shall establish a job and entrepreneurial skills training grant program that must provide competitive funding to organizations to provide skills training that leads to employment or business development in high-growth industries.	Subd. 2. **Job and entrepreneurial skills training grants.** (a) The commissioner shall establish a job and entrepreneurial skills training grant program that must provide competitive funding to community-based organizations to provide skills training that leads to employment or business development in high-growth industries.
(b) Grants must be used to provide skills training including:	(b) Eligible forms of skills training include:
(1) student tutoring and testing support services;	(1) student tutoring and testing support services;
(2) training and employment placement in high-wage and high-growth employment;	(2) training and employment placement in high-wage and high-growth employment;
(3) assistance in obtaining industry specific certifications;	(3) assistance in obtaining industry specific certifications;
(4) remedial training leading to enrollment;	(4) remedial training leading to enrollment in further training or education;
(5) real-time work experience or on-the-job training;	(5) real-time work experience or on-the-job training;
(6) career and educational counseling;	(6) career and educational counseling;
(7) work experience and internships;	(7) work experience and internships;
(8) supportive services;	(8) supportive services;
(9) tuition reimbursement for new entrants into public sector careers;	(9) tuition reimbursement for new entrants into public sector careers;
(10) career mentorship;	(10) career mentorship;
(11) postprogram case management services;	(11) postprogram case management services;
(12) job placement services; and	(12) job placement services; and
(13) the cost of corporate board of director training for people of color.	(13) the cost of corporate board of director training for people of color.
(c) The commissioner must award grants to community-based organizations meeting the following criteria:	

Senate Language S3035-3	House Language UES3035-2
(1) the organization's primary operations are located in communities of color;	
(2) 80 percent of the organization's participants reflect the demographics of the community; and	
(3) the organization's community has a high unemployment rate or poverty rate.	
(d) Grant awards must not exceed $750,0000 per year per organization and all funding awards must be made for the duration of a biennium. An organization may partner with another organization to utilize grant awards, provided that the organizations must not be funded to deliver the same services. Grants awarded under this subdivision are not subject to section 116L.98.	(c) Grant awards must not exceed $750,000 per year per organization and all funding awards must be made for the duration of a biennium. An organization may partner with another organization to utilize grant awards, provided that the organizations must not be funded to deliver the same services. Grants awarded under this subdivision are not subject to section 116L.98.
Subd. 3. **Diversity and inclusion training for small employers.** (a) The commissioner shall establish a diversity and inclusion training grant program which shall provide competitive grants to businesses that commit to actively engage, hire, and retain people of color for both entry level and high-wage opportunities.	Subd. 3. **Diversity and inclusion training for small employers.** (a) The commissioner shall establish a diversity and inclusion training grant program which shall provide competitive grants to small businesses for diversity and inclusion training, including the creation and implementation of a plan to actively engage, hire, and retain people of color for both entry level and high-wage opportunities, including management and board of director positions.
(b) Grant awards must not exceed $300,000 per year per business. A business may only receive one grant for diversity and inclusion training per biennium.	(b) Grant awards must not exceed $300,000 per year per business. A business may only receive one grant for diversity and inclusion training per biennium.
(c) Grant funds must be used to train small businesses in outreach, recruitment, and retention of entry-level, mid-level, and senior-level management and a board of directors. Grant recipients are required to submit a plan for use of the funds and an implementation plan after training is completed.	
	(c) Applicants are required to submit a plan for use of the funds. Grant recipients are required to submit a diversity and inclusion implementation plan after training is completed.
(d) Grants awarded under this subdivision are not subject to section 116L.98.	(d) Grants awarded under this subdivision are not subject to section 116L.98.
	(e) Sections 116J.993 to 116J.995 do not apply to assistance under this subdivision.
Subd. 4. **Capacity building.** (a) The commissioner shall establish a capacity building grant program to provide training services and funding to small workforce development community-based organizations.	Subd. 4. **Capacity building.** (a) The commissioner shall establish a capacity building grant program to provide training services and funding for capacity building to community-based organizations.
(b) Eligible organizations include nonprofit organizations that have:	
	(b) Eligible uses of grant awards include covering the cost of workforce program delivery staff, program infrastructure costs, and workforce training related service model development.
(1) primary offices located in low-income communities;	

(2) an annual client service base of over 80 percent of people of color; and

(3) an annual budget of less than $1,000,000.

(c) Eligible uses of grant awards include covering the cost of workforce program delivery staff, program infrastructure costs, and workforce training related service model development.

(d) Grant awards must not exceed $50,000 per organization and are limited to one grant per organization.

(e) Grants awarded under this subdivision are not subject to section 116L.98.

(f) By January 15, 2025, and each January 15 thereafter, the commissioner must submit a report to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over workforce development that details the use of grant awards. If data is available, the report must contain data that is disaggregated by race, cultural groups, family income, age, geographical location, migrant or foreign immigrant status, primary language, whether the participant is an English learner under section 124D.59, disability, and status of homelessness.

Sec. 17. Minnesota Statutes 2022, section 116L.56, subdivision 2, is amended to read:

Subd. 2. **Eligible applicant.** "Eligible applicant" means an individual who is between the ages of 14 and ~~21~~ 24 and economically disadvantaged.

An at-risk youth who is classified as a family of one is deemed economically disadvantaged. For purposes of eligibility determination the following individuals are considered at risk:

(1) a pregnant or parenting youth;

(2) a youth with limited English proficiency;

(3) a potential or actual school dropout;

(4) a youth in an offender or diversion program;

(5) a public assistance recipient or a recipient of group home services;

(6) a youth with disabilities including learning disabilities;

(7) a child of drug or alcohol abusers or a youth with substance use disorder;

(8) a homeless or runaway youth;

(9) a youth with basic skills deficiency;

(c) Grant awards must not exceed $50,000 per organization and are limited to one grant per community-based organization.

(d) Grants awarded under this subdivision are not subject to section 116L.98.

(e) Grant recipients must submit a report to the commissioner outlining the use of grant funds and the impact of that funding on the community-based organization's future ability to provide workforce development services.

Sec. 13. Minnesota Statutes 2022, section 116L.56, subdivision 2, is amended to read:

Subd. 2. **Eligible applicant.** "Eligible applicant" means an individual who is between the ages of 14 and ~~21~~ 24 and economically disadvantaged.

An at-risk youth who is classified as a family of one is deemed economically disadvantaged. For purposes of eligibility determination the following individuals are considered at risk:

(1) a pregnant or parenting youth;

(2) a youth with limited English proficiency;

(3) a potential or actual school dropout;

(4) a youth in an offender or diversion program;

(5) a public assistance recipient or a recipient of group home services;

(6) a youth with disabilities including learning disabilities;

(7) a child of drug or alcohol abusers or a youth with substance use disorder;

(8) a homeless or runaway youth;

(9) a youth with basic skills deficiency;

(10) a youth with an educational attainment of one or more levels below grade level appropriate to age; or

(11) a foster child.

Sec. 18. Minnesota Statutes 2022, section 116L.561, subdivision 5, is amended to read:

Subd. 5. **Allocation formula.** Seventy percent of Minnesota youth program funds must be allocated based on the county's share of economically disadvantaged youth. The remaining 30 percent must be allocated based on the county's share of population ages 14 to ~~21~~ 24.

Sec. 19. Minnesota Statutes 2022, section 116L.562, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section:

(1) "eligible organization" or "eligible applicant" means a local government unit, nonprofit organization, community action agency, or a public school district;

(2) "at-risk youth" means youth classified as at-risk under section 116L.56, subdivision 2; and

(3) "economically disadvantaged" means youth who are economically disadvantaged as defined in ~~United States Code, title 29, section 1503~~ the rules and regulations of the Workforce Innovation and Opportunity Act.

(10) a youth with an educational attainment of one or more levels below grade level appropriate to age; or

(11) a foster child.

Sec. 14. Minnesota Statutes 2022, section 116L.561, subdivision 5, is amended to read:

Subd. 5. **Allocation formula.** Seventy percent of Minnesota youth program funds must be allocated based on the county's share of economically disadvantaged youth. The remaining 30 percent must be allocated based on the county's share of population ages 14 to ~~21~~ 24.

Sec. 15. Minnesota Statutes 2022, section 116L.562, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of this section:

(1) "eligible organization" or "eligible applicant" means a local government unit, nonprofit organization, community action agency, or a public school district;

(2) "at-risk youth" means youth classified as at-risk under section 116L.56, subdivision 2; and

(3) "economically disadvantaged" means youth who are economically disadvantaged as defined in ~~United States Code, title 29, section 1503~~ the rules and regulations of the Workforce Innovation and Opportunity Act.

Sec. 16. Minnesota Statutes 2022, section 268.035, subdivision 20, is amended to read:

Subd. 20. **Noncovered employment.** "Noncovered employment" means:

(1) employment for the United States government or an instrumentality thereof, including military service;

(2) employment for a state, other than Minnesota, or a political subdivision or instrumentality thereof;

(3) employment for a foreign government;

(4) employment covered under the federal Railroad Unemployment Insurance Act;

(5) employment for a church or convention or association of churches, or a nonprofit organization operated primarily for religious purposes that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(6) employment for an elementary or secondary school with a curriculum that includes religious education that is operated by a church, a convention or association of churches, or a nonprofit organization that is operated, supervised, controlled, or principally supported by a church or convention or association of churches;

(7) employment for Minnesota or a political subdivision, or a nonprofit organization, of a duly ordained or licensed minister of a church in the exercise of a ministry or by a member of a religious order in the exercise of duties required by the order;

(8) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving rehabilitation of "sheltered" work in a facility conducted for the purpose of carrying out a program of rehabilitation for individuals whose earning capacity is impaired by age or physical or mental deficiency or injury or a program providing "sheltered" work for individuals who because of an impaired physical or mental capacity cannot be readily absorbed in the competitive labor market. This clause applies only to services performed in a facility certified by the Rehabilitation Services Branch of the department or in a day training or habilitation program licensed by the Department of Human Services;

(9) employment for Minnesota or a political subdivision, or a nonprofit organization, of an individual receiving work relief or work training as part of an unemployment work relief or work training program financed in whole or in part by any federal agency or an agency of a state or political subdivision thereof. This clause does not apply to programs that require unemployment benefit coverage for the participants;

(10) employment for Minnesota or a political subdivision, as an elected official, a member of a legislative body, or a member of the judiciary;

(11) employment as a member of the Minnesota National Guard or Air National Guard;

(12) employment for Minnesota or a political subdivision, or instrumentality thereof, of an individual serving on a temporary basis in case of fire, flood, tornado, or similar emergency;

(13) employment as an election official or election worker for Minnesota or a political subdivision, if the compensation for that employment was less than $1,000 in a calendar year;

(14) employment for Minnesota that is a major policy-making or advisory position in the unclassified service;

(15) employment for Minnesota in an unclassified position established under section 43A.08, subdivision 1a;

(16) employment for a political subdivision of Minnesota that is a nontenured major policy making or advisory position;

(17) domestic employment in a private household, local college club, or local chapter of a college fraternity or sorority, if the wages paid in any calendar quarter in either the current or prior calendar year to all individuals in domestic employment totaled less than $1,000.

"Domestic employment" includes all service in the operation and maintenance of a private household, for a local college club, or local chapter of a college fraternity or sorority as distinguished from service as an employee in the pursuit of an employer's trade or business;

(18) employment of an individual by a son, daughter, or spouse, and employment of a child under the age of 18 by the child's father or mother;

(19) employment of an inmate of a custodial or penal institution;

(20) employment for a school, college, or university, by a student who is enrolled and whose primary relation to the school, college, or university is as a student. This does not include an individual whose primary relation to the school, college, or university is as an employee who also takes courses;

(21) employment of an individual who is enrolled as a student in a full-time program at a nonprofit or public educational institution that maintains a regular faculty and curriculum and has a regularly organized body of students in attendance at the place where its educational activities are carried on, taken for credit at the institution, that combines academic instruction with work experience, if the employment is an integral part of the program, and the institution has so certified to the employer, except that this clause does not apply to employment in a program established for or on behalf of an employer or group of employers;

(22) employment of a foreign college or university student who works on a seasonal or temporary basis under the J-1 visa summer work travel program described in Code of Federal Regulations, title 22, section 62.32;

(23) employment of university, college, or professional school students in an internship or other training program with the city of St. Paul or the city of Minneapolis under Laws 1990, chapter 570, article 6, section 3;

(24) employment for a hospital by a patient of the hospital. "Hospital" means an institution that has been licensed by the Department of Health as a hospital;

(25) employment as a student nurse for a hospital or a nurses' training school by an individual who is enrolled and is regularly attending classes in an accredited nurses' training school;

(26) employment as an intern for a hospital by an individual who has completed a four-year course in an accredited medical school;

(27) employment as an insurance salesperson, by other than a corporate officer, if all the wages from the employment is solely by way of commission. The word "insurance" includes an annuity and an optional annuity;

(28) employment as an officer of a township mutual insurance company or farmer's mutual insurance company under chapter 67A;

(29) employment of a corporate officer, if the officer directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer corporation, and employment of a member of a limited liability company, if the member directly or indirectly, including through a subsidiary or holding company, owns 25 percent or more of the employer limited liability company;

(30) employment as a real estate salesperson, other than a corporate officer, if all the wages from the employment is solely by way of commission;

(31) employment as a direct seller as defined in United States Code, title 26, section 3508;

(32) employment of an individual under the age of 18 in the delivery or distribution of newspapers or shopping news, not including delivery or distribution to any point for subsequent delivery or distribution;

(33) casual employment performed for an individual, other than domestic employment under clause (17), that does not promote or advance that employer's trade or business;

(34) employment in "agricultural employment" unless it is "covered agricultural employment" under subdivision 11; ~~or~~

(35) if employment during one-half or more of any pay period was covered employment, all the employment for the pay period is covered employment; but if during more than one-half of any pay period the employment was noncovered employment, then all of the employment for the pay period is noncovered employment. "Pay period" means a period of not more than a calendar month for which a payment or compensation is ordinarily made to the employee by the employer~~.~~; or

(36) employment of a foreign agricultural worker who works on a seasonal or temporary basis under the H-2A visa temporary agricultural employment program described in Code of Federal Regulations, title 20, section 655.

Sec. 17. Minnesota Statutes 2022, section 268A.15, is amended by adding a subdivision to read:

Subd. 8a. **Provider rate increases.** (a) Effective July 1, 2023, subject to the availability of additional funding, an annual growth factor adjustment of no less than a three percent increase for providers of extended employment services for persons with severe disabilities shall be authorized. If there is sufficient funding appropriated, the commissioner shall increase reimbursement rates by the percentage of this adjustment.

(b) The commissioner of management and budget must include an annual inflationary adjustment in reimbursement rates for providers of extended employment services for persons with severe disabilities as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 18. Minnesota Statutes 2022, section 357.021, subdivision 1a, is amended to read:

Subd. 1a. **Transmittal of fees to commissioner of management and budget.** (a) Every person, including the state of Minnesota and all bodies politic and corporate, who shall transact any business in the district court, shall pay to the court administrator of said court the sundry fees prescribed in subdivision 2. Except as provided in paragraph (d), the court administrator shall transmit the fees monthly to the commissioner of management and budget for deposit in the state treasury and credit to the general fund. ~~$30~~ $60 of each fee collected in a dissolution action under subdivision 2, clause (1), must be deposited by the commissioner of management and budget in the special revenue fund and is appropriated to the commissioner of employment and economic development for the Minnesota Family Resiliency Partnership under section 116L.96.

(b) In a county which has a screener-collector position, fees paid by a county pursuant to this subdivision shall be transmitted monthly to the county treasurer, who shall apply the fees first to reimburse the county for the amount of the salary paid for the screener-collector position. The balance of the fees collected shall then be forwarded to the commissioner of management and budget for deposit in the state treasury and credited to the general fund. In a county in a judicial district under section 480.181, subdivision 1, paragraph (b), which has a screener-collector position, the fees paid by a county shall be transmitted monthly to the commissioner of management and budget for deposit in the state treasury and credited to the general fund. A screener-collector position for purposes of this paragraph is an employee whose function is to increase the collection of fines and to review the incomes of potential clients of the public defender, in order to verify eligibility for that service.

(c) No fee is required under this section from the public authority or the party the public authority represents in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court, or in a proceeding under section 484.702;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525;

(4) wrongfully obtaining public assistance under section 256.98 or 256D.07, or recovery of overpayments of public assistance;

(5) court relief under chapters 260, 260A, 260B, and 260C;

(6) forfeiture of property under sections 169A.63 and 609.531 to 609.5317;

(7) recovery of amounts issued by political subdivisions or public institutions under sections 246.52, 252.27, 256.045, 256.25, 256.87, 256B.042, 256B.14, 256B.15, 256B.37, 260B.331, and 260C.331, or other sections referring to other forms of public assistance;

(8) restitution under section 611A.04; or

(9) actions seeking monetary relief in favor of the state pursuant to section 16D.14, subdivision 5.

(d) $20 from each fee collected for child support modifications under subdivision 2, clause (13), must be transmitted to the county treasurer for deposit in the county general

Sec. 20. Minnesota Statutes 2022, section 469.40, subdivision 11, is amended to read:

Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including, but not limited to, streets, roadways, utilities systems and related facilities, utility relocations and replacements, network and communication systems, streetscape improvements, drainage systems, sewer and water systems, subgrade structures and associated improvements, landscaping, facade construction and restoration, construction costs permitted in section 469.47, subdivision 1, paragraph (d), clauses (1), (2), and (4), wayfinding and signage, community engagement, and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;

(6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;

fund and $35 from each fee shall be credited to the state general fund. The fees must be used by the county to pay for child support enforcement efforts by county attorneys.

(e) No fee is required under this section from any federally recognized Indian Tribe or its representative in an action for:

(1) child support enforcement or modification, medical assistance enforcement, or establishment of parentage in the district court or in a proceeding under section 484.702;

(2) civil commitment under chapter 253B;

(3) the appointment of a public conservator or public guardian or any other action under chapters 252A and 525; or

(4) court relief under chapters 260, 260A, 260B, 260C, and 260D.

Sec. 19. Minnesota Statutes 2022, section 469.40, subdivision 11, is amended to read:

Subd. 11. **Public infrastructure project.** (a) "Public infrastructure project" means a project financed in part or in whole with public money in order to support the medical business entity's development plans, as identified in the DMCC development plan. A public infrastructure project may:

(1) acquire real property and other assets associated with the real property;

(2) demolish, repair, or rehabilitate buildings;

(3) remediate land and buildings as required to prepare the property for acquisition or development;

(4) install, construct, or reconstruct elements of public infrastructure required to support the overall development of the destination medical center development district including~~,~~ but not limited to~~,~~: streets, roadways, utilities systems and related facilities~~,~~; utility relocations and replacements~~,~~; network and communication systems~~,~~; streetscape improvements~~,~~; drainage systems~~,~~; sewer and water systems~~,~~; subgrade structures and associated improvements~~,~~; landscaping~~,~~; facade construction and restoration~~,~~; design and predesign, including architectural, engineering, and similar services; legal, regulatory, and other compliance services; construction costs, including all materials and supplies; wayfinding and signage~~,~~; community engagement; transit costs incurred on or after March 16, 2020; and other components of community infrastructure;

(5) acquire, construct or reconstruct, and equip parking facilities and other facilities to encourage intermodal transportation and public transit;

(6) install, construct or reconstruct, furnish, and equip parks, cultural, and recreational facilities, facilities to promote tourism and hospitality, conferencing and conventions, and broadcast and related multimedia infrastructure;

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(7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district;

(8) prepare land for private development and to sell or lease land;

(9) provide costs of relocation benefits to occupants of acquired properties; and

(10) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

(c) Public infrastructure project includes the planning, preparation, and modification of the development plan under section 469.43. The cost of that planning, preparation, and any modification is a capital cost of the public infrastructure project.

Sec. 21. Minnesota Statutes 2022, section 469.47, subdivision 1, is amended to read:

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

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

(c) "Construction projects" means:

(1) for expenditures by a medical business entity, construction of buildings in the city for which the building permit was issued after June 30, 2013; and

(2) for any other expenditures, construction of privately owned buildings and other improvements that are undertaken pursuant to or as part of the development plan and are located within a medical center development district.

(d) "Expenditures" means expenditures made by a medical business entity or by an individual or private entity on construction projects for the capital cost of the project including, but not limited to:

(1) design and predesign, including architectural, engineering, and similar services;

(2) legal, regulatory, and other compliance costs of the project;

(3) land acquisition, demolition of existing improvements, and other site preparation costs;

(4) construction costs, including all materials and supplies of the project; and

(5) equipment and furnishings that are attached to or become part of the real property.

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(7) make related site improvements including, without limitation, excavation, earth retention, soil stabilization and correction, and site improvements to support the destination medical center development district;

(8) prepare land for private development and to sell or lease land;

(9) provide costs of relocation benefits to occupants of acquired properties; and

(10) construct and equip all or a portion of one or more suitable structures on land owned by the city for sale or lease to private development; provided, however, that the portion of any structure directly financed by the city as a public infrastructure project must not be sold or leased to a medical business entity.

(b) A public infrastructure project is not a business subsidy under section 116J.993.

(c) Public infrastructure project includes the planning, preparation, and modification of the development plan under section 469.43. The cost of that planning, preparation, and any modification is a capital cost of the public infrastructure project.

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

Sec. 20. Minnesota Statutes 2022, section 469.47, subdivision 1, is amended to read:

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

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

(c) "Construction projects" means:

(1) for expenditures by a medical business entity, construction of buildings in the city for which the building permit was issued after June 30, 2013; and

(2) for any other expenditures, construction of privately owned buildings and other improvements that are undertaken pursuant to or as part of the development plan and are located within a medical center development district.

(d) "Expenditures" means expenditures made by a medical business entity or by an individual or private entity on construction projects for the capital cost of the project including~~,~~ but not limited to:

(1) design and predesign, including architectural, engineering, and similar services;

(2) legal, regulatory, and other compliance costs of the project;

(3) land acquisition, demolition of existing improvements, and other site preparation costs;

(4) construction costs, including all materials and supplies of the project; and

(5) equipment and furnishings that are attached to or become part of the real property.

Expenditures excludes supplies and other items with a useful life of less than a year that are not used or consumed in constructing improvements to real property or are otherwise chargeable to capital costs.

(e) "Qualified expenditures for the year" means the total certified expenditures since June 30, 2013, through the end of the preceding year, minus $200,000,000.

(f) "Transit costs" means the portions of a public infrastructure project that are for public transit intended primarily to serve the district, ~~such as~~ including but not limited to buses and other means of transit, transit stations, equipment, rights-of-way, ~~and~~ similar costs, and costs permitted under section 469.40, subdivision 11. This paragraph includes transit costs incurred on or after March 16, 2020.

Sec. 22. Minnesota Statutes 2022, section 469.47, subdivision 5, is amended to read:

Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section if the county contributes the required local matching contribution under subdivision 6 or the city or county has agreed to make an equivalent contribution out of other funds for the year.

(b) If the city qualifies for aid under paragraph (a), the commissioner must pay the city the state transit aid in the amount calculated under this paragraph. The amount of the state transit aid for a year equals the qualified expenditures for the year, as certified by the commissioner, multiplied by 0.75 percent, ~~reduced by~~ subject to the amount of the required local contribution under subdivision 6. City or county contributions that are in excess of this ratio carry forward and are credited toward subsequent years. The maximum amount of state transit aid payable in any year is limited to no more than $7,500,000. If the commissioner determines that the city or county has not made the full required matching local contribution for the year, the commissioner must pay state transit aid only ~~in proportion to the amount of~~ for the matching contribution made ~~for the year~~ and any unpaid amount is a carryover aid. The carryover aid must be paid in the first year after the required matching contribution ~~for that prior year~~ is made and in which the aid entitlement for the current year is less than the maximum annual limit, but only to the extent the carryover, when added to the current year aid, is less than the maximum annual limit.

(c) The commissioner, in consultation with the commissioner of management and budget, and representatives of the city and the corporation, must establish a total limit on the amount of state aid payable under this subdivision that will be adequate to finance, in combination with the local contribution, $116,000,000 of transit costs.

(d) The city must use state transit aid it receives under this subdivision for transit costs. The city must maintain appropriate records to document the use of the funds under this requirement.

Expenditures excludes supplies and other items with a useful life of less than a year that are not used or consumed in constructing improvements to real property or are otherwise chargeable to capital costs.

(e) "Qualified expenditures for the year" means the total certified expenditures since June 30, 2013, through the end of the preceding year, minus $200,000,000.

(f) "Transit costs" means the portions of a public infrastructure project that are for public transit intended primarily to serve the district, ~~such as~~ including but not limited to buses and other means of transit, transit stations, equipment, bus charging stations or bus charging equipment, rights-of-way, and ~~similar~~ costs permitted under section 469.40, subdivision 11. This provision includes transit costs incurred on or after March 16, 2020.

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

Sec. 21. Minnesota Statutes 2022, section 469.47, subdivision 5, is amended to read:

Subd. 5. **State transit aid.** (a) The city qualifies for state transit aid under this section if the county contributes the required local matching contribution under subdivision 6 or the city or county has agreed to make an equivalent contribution out of other funds for the year.

(b) If the city qualifies for aid under paragraph (a), the commissioner must pay the city the state transit aid in the amount calculated under this paragraph. The amount of the state transit aid for a year equals the qualified expenditures for the year, as certified by the commissioner, multiplied by 0.75 percent, ~~reduced by~~ subject to the amount of the required local contribution under subdivision 6. City or county contributions that are in excess of this ratio carry forward and are credited toward subsequent years. The maximum amount of state transit aid payable in any year is limited to no more than $7,500,000. If the commissioner determines that the city or county has not made the full required matching local contribution for the year, the commissioner must pay state transit aid only ~~in proportion to the amount of~~ for the matching contribution made ~~for the year~~ and any unpaid amount is a carryover aid. The carryover aid must be paid in the first year after the required matching contribution ~~for that prior year~~ is made and in which the aid entitlement for the current year is less than the maximum annual limit, but only to the extent the carryover, when added to the current year aid, is less than the maximum annual limit.

(c) The commissioner, in consultation with the commissioner of management and budget, and representatives of the city and the corporation, must establish a total limit on the amount of state aid payable under this subdivision that will be adequate to finance, in combination with the local contribution, $116,000,000 of transit costs.

(d) The city must use state transit aid it receives under this subdivision for transit costs. The city must maintain appropriate records to document the use of the funds under this requirement.

Sec. 23. Minnesota Statutes 2022, section 469.47, subdivision 6, is amended to read:

Subd. 6. **Transit aid; local matching contribution.** (a) The required local matching contribution for state transit aid equals the lesser of:

(1) 40 percent of the state transit aid subject to the $7,500,000 limit under subdivision 5; or

(2) the amount that would be raised by a 0.15 percent sales tax imposed by the county in the preceding year.

The county may impose the sales tax or the wheelage tax under section 469.46 to meet this obligation.

(b) If the county elects not to impose any of the taxes authorized under section 469.46, the county, or city, or both, may agree to make the local contribution out of other available funds, other than state aid payable under this section. The commissioner of revenue must estimate the required amount and certify it to the commissioner, city, and county.

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

Sec. 22. Minnesota Statutes 2022, section 517.08, subdivision 1c, is amended to read:

Subd. 1c. **Disposition of license fee.** (a) Of the civil marriage license fee collected pursuant to subdivision 1b, paragraph (a), $25 must be retained by the county. The local registrar must pay $90 to the commissioner of management and budget to be deposited as follows:

(1) ~~$55~~ $25 in the general fund;

(2) $3 in the state government special revenue fund to be appropriated to the commissioner of public safety for parenting time centers under section 119A.37;

(3) $2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255;

(4) ~~$25~~ $55 in the special revenue fund is appropriated to the commissioner of employment and economic development for the Minnesota Family Resiliency Partnership under section 116L.96; and

(5) $5 in the special revenue fund, which is appropriated to the Board of Regents of the University of Minnesota for the Minnesota couples on the brink project under section 137.32.

(b) Of the $40 fee under subdivision 1b, paragraph (b), $25 must be retained by the county. The local registrar must pay $15 to the commissioner of management and budget to be deposited as follows:

(1) $5 as provided in paragraph (a), clauses (2) and (3); and

Senate Language S3035-3

Sec. 24. **MINNESOTA EMPLOYER REASONABLE ACCOMMODATION FUND.**

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

(b) "Applicant" means any person, whether employed or unemployed, seeking or entering into any arrangement for employment or change of employment with an eligible employer.

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

(d) "Eligible employer" means an employer domiciled within the legal boundaries of Minnesota and having its principal place of business as identified in its certificate of incorporation in the state of Minnesota who:

(1) employs not more than 500 employees on any business day during the preceding calendar year; and

(2) generates $5,000,000 or less in gross annual revenue.

(e) "Employee" has the meaning given in Minnesota Statutes, section 363A.03, subdivision 15.

(f) "Individual with a disability" has the meaning given to "qualified disabled person" in Minnesota Statutes, section 363A.03, subdivision 36.

(g) "Reasonable accommodation" has the meaning given in Minnesota Statutes, section 363A.08, subdivision 6.

Subd. 2. **Reimbursement grant program established.** The commissioner shall establish a reasonable accommodation reimbursement grant program that reimburses eligible employers for the cost of expenses incurred in providing reasonable accommodations for individuals with a disability who are either applicants or employees of the eligible employer.

Subd. 3. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for reimbursement under this section.

(b) The program shall award reimbursements to eligible employers to the extent that funds are available in the account established under subdivision 5 for this purpose.

(c) Applications shall be processed on a first-received, first-processed basis within each fiscal year until funding is exhausted. Applications received after funding has been exhausted in a fiscal year are not eligible for reimbursement.

(d) Documentation for reimbursement shall be provided by eligible employers in a form approved by the commissioner.

House Language UES3035-2

(2) $10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the Minnesota Family Resiliency Partnership under section 116L.96.

Sec. 23. **MINNESOTA EMPLOYER REASONABLE ACCOMMODATION FUND.**

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

(b) "Applicant" means any person, whether employed or unemployed, seeking or entering into any arrangement for employment or change of employment with an eligible employer.

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

(d) "Eligible employer" means an employer domiciled within the legal boundaries of Minnesota and having its principal place of business as identified in its certificate of incorporation in the state of Minnesota who:

(1) employs not more than 500 employees on any business day during the preceding calendar year; and

(2) generates $5,000,000 or less in gross annual revenue.

(e) "Employee" has the meaning given in Minnesota Statutes, section 363A.03, subdivision 15.

(f) "Individual with a disability" has the meaning given to "qualified disabled person" in Minnesota Statutes, section 363A.03, subdivision 36.

(g) "Reasonable accommodation" has the meaning given in Minnesota Statutes, section 363A.08, subdivision 6.

Subd. 2. **Reimbursement grant program established.** The commissioner shall establish a reasonable accommodation reimbursement grant program that reimburses eligible employers for the cost of expenses incurred in providing reasonable accommodations for individuals with a disability who are either applicants or employees of the eligible employer.

Subd. 3. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for reimbursement under this section.

(b) The program shall award reimbursements to eligible employers to the extent that funds are available in the account established under subdivision 5 for this purpose.

(c) Applications shall be processed on a first-received, first-processed basis within each fiscal year until funding is exhausted. Applications received after funding has been exhausted in a fiscal year are not eligible for reimbursement.

(d) Documentation for reimbursement shall be provided by eligible employers in a form approved by the commissioner.

Subd. 4. **Reimbursement awards.** The maximum total reimbursement per eligible employer in a fiscal year is $30,000 and:

(1) submissions for onetime reasonable accommodation expenses must be no less than $250 and no more than $15,000 per individual with a disability; and

(2) submissions for ongoing reasonable accommodation expenses have no minimum or maximum requirements.

Subd. 5. **Employer reasonable accommodation fund account established.** The employer reasonable accommodation fund account is created as an account in the special revenue fund. Money in the account is appropriated to the commissioner for the purposes of reimbursing eligible employers under this section.

Subd. 6. **Technical assistance and consultation.** The commissioner may provide technical assistance regarding requests for reasonable accommodations.

Subd. 7. **Administration and marketing costs.** The commissioner may use up to 20 percent of the biennial appropriation for administration and marketing of this section.

Subd. 8. **Notification.** By September 1, 2023, or within 60 days following final enactment, whichever is later, and each year thereafter by June 30, the commissioner shall make publicly available information regarding the availability of funds for reasonable accommodation reimbursement and the procedure for requesting reimbursement under this section.

Subd. 9. **Reports to the legislature.** By January 15, 2024, and each January 15 thereafter until expiration, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over workforce development that details the use of grant funds. This report must include data on the number of employer reimbursements the program made in the preceding calendar year. The report must include:

(1) the number and type of accommodations requested;

(2) the cost of accommodations requested;

(3) the employers from which the requests were made;

(4) the number and type of accommodations that were denied and why;

(5) any remaining balance left in the account; and

(6) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to employers.

Subd. 10. **Expiration.** This section expires June 30, 2025, or when money appropriated for its purpose expires, whichever is later.

Subd. 4. **Reimbursement awards.** The maximum total reimbursement per eligible employer in a fiscal year is $30,000 and:

(1) submissions for onetime reasonable accommodation expenses must be no less than $250 and no more than $15,000 per individual with a disability; and

(2) submissions for ongoing reasonable accommodation expenses have no minimum or maximum requirements.

Subd. 5. **Employer reasonable accommodation fund account established.** The employer reasonable accommodation fund account is created as an account in the special revenue fund. Money in the account is appropriated to the commissioner for the purposes of reimbursing eligible employers under this section.

Subd. 6. **Technical assistance and consultation.** The commissioner may provide technical assistance regarding requests for reasonable accommodations.

Subd. 7. **Administration and marketing costs.** The commissioner may use up to 20 percent of the biennial appropriation for administration and marketing of this section.

Subd. 8. **Notification.** By September 1, 2023, or within 60 days following final enactment, whichever is later, and each year thereafter by June 30, the commissioner shall make publicly available information regarding the availability of funds for reasonable accommodation reimbursement and the procedure for requesting reimbursement under this section.

Subd. 9. **Reports to the legislature.** By January 15, 2024, and each January 15 thereafter until expiration, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over workforce development that details the use of grant funds. This report must include data on the number of employer reimbursements the program made in the preceding calendar year. The report must include:

(1) the number and type of accommodations requested;

(2) the cost of accommodations requested;

(3) the employers from which the requests were made;

(4) the number and type of accommodations that were denied and why;

(5) any remaining balance left in the account; and

(6) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to employers.

Subd. 10. **Expiration.** This section expires June 30, 2025, or when money appropriated for its purpose expires, whichever is later.

Sec. 14. **EMPOWERING ENTERPRISE PROGRAM.**

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

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

(c) "Eligible organization" means:

(1) a federally certified community development financial institution;

(2) a nonprofit organization; or

(3) a city.

(d) "Entity" includes any registered business or nonprofit organization. This includes businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit organizations.

Subd. 2. **Establishment.** The commissioner shall establish a program to make grants to eligible organizations to develop and implement local economic relief programs designed with the primary goal of assisting communities adversely affected by civil unrest during the peacetime emergency declared in governor's Executive Order No. 20-64 by preserving incumbent entities and encouraging new entities to locate in those areas. To this end, local programs should include outreach to cultural communities and support for microenterprises.

Subd. 3. **Available relief.** (a) The local programs established by eligible organizations under this section may include grants or loans as provided in this section, as well as subgrants to local nonprofits to further the goals of the program. Prior to awarding a grant to an eligible organization for a local program under this section:

(1) the eligible organization must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) the duration, terms, underwriting and security requirements, and repayment requirements for loans;

(iii) evaluating applications for assistance;

(iv) awarding assistance; and

(v) administering the grant and loan programs authorized under this section, including any subgrants to local nonprofits;

(2) the eligible organization must submit its criteria, procedures, and requirements developed pursuant to clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements as developed pursuant to clause (1) to be used by an eligible organization in determining eligibility for assistance, evaluating, awarding, and administering a grant and loan program.

(b) Relief under this section includes grants to entities. These grants must not exceed $500,000 per entity, must specify that an entity receiving a grant must remain in the local community a minimum of three years after the date of the grant, and must require submission of a plan for continued operation. Grants may be awarded to applicants only when an eligible organization determines that a loan is not appropriate to address the needs of the applicant.

(c) Relief under this section includes loans to entities, with or without interest, and deferred or forgivable loans. The maximum loan amount under this subdivision is $500,000 per entity. The lending criteria adopted by an eligible organization for loans under this subdivision must:

(1) specify that an entity receiving a deferred or forgivable loan must remain in the local community a minimum of three years after the date of the loan. The maximum loan deferral period must not exceed three years from the date the loan is approved; and

(2) require submission of a plan for continued operation. The plan must document the probable success of the applicant's plan and probable success in repaying the loan according to the terms established for the loan program.

(d) All loan repayment funds under this subdivision must be paid to the commissioner of employment and economic development for deposit in the general fund.

Subd. 4. **Monitoring and reporting.** (a) Participating eligible organizations must establish performance measures that include but are not limited to the following components:

(1) the number of loans approved and the amounts and terms of the loans;

(2) the number of grants awarded, award amounts, and the reason that a grant award was made in lieu of a loan;

(3) the loan default rate;

(4) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full-time or part-time, and the status of the jobs as temporary or permanent; and

(5) the amount of business activity and changes in gross revenues of the grant or loan recipient as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the participating eligible organizations' compliance with this section and the performance measures developed under paragraph (a).

(c) Participating eligible organizations must comply with all requests made by the commissioner under this section and are responsible for the reporting and compliance of any subgrantees.

(d) By December 15 of each year the program is in existence, participating eligible organizations must report their performance measures to the commissioner. By January 15 of each year the program is in existence, after the first, the commissioner must submit a report of these performance measures to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development that details the use of funds under this section.

Subd. 5. **Exemptions.** (a) Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Entities in receipt of assistance under this section must provide for job creation and retention goals and wage and benefit goals.

(b) Minnesota Statutes, sections 16A.15, 16B.97, 16B.98, 16B.991, 16C.05, and 16C.053, do not apply to assistance under this section.

Subd. 6. **Administrative costs.** The commissioner of employment and economic development may use up to seven percent of the appropriation made for this section for administrative expenses of the department or for assisting participating eligible organizations with their administrative expenses.

EFFECTIVE DATE. This section is effective the day following final enactment and expires the day after the last loan is repaid or forgiven as provided under this section.

Sec. 16. **REPEALER.**

Minnesota Statutes 2022, section 116J.9924, subdivision 6, and Laws 2019, First Special Session chapter 7, article 2, section 8, as amended by Laws 2021, First Special Session chapter 10, article 2, section 19, is repealed.

Senate:

ARTICLE 6

ECONOMIC DEVELOPMENT POLICY

Section 1. **[116J.545] GETTING TO WORK GRANT PROGRAM.**

Subdivision 1. **Creation.** The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain or maintain employment. All grants shall be for two years.

Subd. 2. **Qualified grantee.** A grantee must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code; and

House:

ARTICLE 4

WORKFORCE DEVELOPMENT POLICY

Section 1. **[116J.545] GETTING TO WORK GRANT PROGRAM.**

Subdivision 1. **Creation.** The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain or maintain employment. All grants shall be for two years.

Subd. 2. **Qualified grantee.** A grantee must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code; and

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(2) at the time of application, offer or have the demonstrated capacity to offer a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. **Program requirements.** (a) A program must offer one or more of the following services:

(1) provision of new or used motor vehicles by gift, sale, or lease;

(2) motor vehicle repair and maintenance services; or

(3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

(1) financial literacy education;

(2) education on budgeting for vehicle ownership;

(3) car maintenance and repair instruction;

(4) credit counseling; or

(5) job training related to motor vehicle maintenance and repair.

Subd. 4. **Application.** Applications for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. Applications must, in addition to any other information required by the commissioner, include the following:

(1) a detailed description of all services to be offered;

(2) the area to be served;

(3) the estimated number of program participants to be served by the grant; and

(4) a plan for leveraging resources from partners that may include but are not limited to:

(i) automobile dealers;

(ii) automobile parts dealers;

(iii) independent local mechanics and automobile repair facilities;

(iv) banks and credit unions;

(v) employers;

(vi) employment and training agencies;

(vii) insurance companies and agents;

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(2) at the time of application, offer or have the demonstrated capacity to offer a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. **Program requirements.** (a) A program must offer one or more of the following services:

(1) provision of new or used motor vehicles by gift, sale, or lease;

(2) motor vehicle repair and maintenance services; or

(3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

(1) financial literacy education;

(2) education on budgeting for vehicle ownership;

(3) car maintenance and repair instruction;

(4) credit counseling; or

(5) job training related to motor vehicle maintenance and repair.

Subd. 4. **Application.** Applications for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. Applications must, in addition to any other information required by the commissioner, include the following:

(1) a detailed description of all services to be offered;

(2) the area to be served;

(3) the estimated number of program participants to be served by the grant; and

(4) a plan for leveraging resources from partners that may include but are not limited to:

(i) automobile dealers;

(ii) automobile parts dealers;

(iii) independent local mechanics and automobile repair facilities;

(iv) banks and credit unions;

(v) employers;

(vi) employment and training agencies;

(vii) insurance companies and agents;

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(viii) local workforce centers; and

(ix) educational institutions, including vocational institutions and jobs or skills training programs.

Subd. 5. **Participant eligibility.** (a) To be eligible to receive program services, a person must:

(1) have a household income at or below 200 percent of the federal poverty level;

(2) be at least 18 years of age;

(3) have a valid driver's license;

(4) provide the grantee with proof of motor vehicle insurance; and

(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements, not inconsistent with paragraph (a), for the receipt of program services.

Subd. 6. **Report to legislature.** By February 15, 2025, and each January 15 in an odd-numbered year thereafter, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

Sec. 2. Minnesota Statutes 2022, section 116J.55, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, "eligible community" means a county, municipality, or tribal government located in Minnesota in which an electric generating plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas:

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(viii) local workforce centers; and

(ix) educational institutions, including vocational institutions and jobs or skills training programs.

Subd. 5. **Participant eligibility.** (a) To be eligible to receive program services, a person must:

(1) have a household income at or below 200 percent of the federal poverty level;

(2) be at least 18 years of age;

(3) have a valid driver's license;

(4) provide the grantee with proof of motor vehicle insurance; and

(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements, not inconsistent with paragraph (a), for the receipt of program services.

Subd. 6. **Report to legislature.** By January 15, 2026, and each January 15 in an even-numbered year thereafter, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

Sec. 4. Minnesota Statutes 2022, section 116J.55, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, "eligible community" means a county, municipality, or tribal government located in Minnesota in which an electric generating plant owned by a public utility, as defined in section 216B.02, that is powered by coal, nuclear energy, or natural gas:

(1) is currently operating and (i) is scheduled to cease operations ~~or~~, (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the commission under section 216B.2422, or (iii) whose current operating license expires within 15 years of the effective date of this section; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the date an application is made for a grant under this section.

Sec. 3. Minnesota Statutes 2022, section 116J.55, subdivision 5, is amended to read:

Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under this section to eligible communities through a competitive grant process.~~

~~(b)~~ (a) A grant awarded to an eligible community under this section must not exceed ~~$500,000~~ $1,000,000 in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.

~~(c)~~ (b) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.

Sec. 4. Minnesota Statutes 2022, section 116J.55, subdivision 6, is amended to read:

Subd. 6. **Eligible expenditures.** (a) Money in the account established in subdivision 3 must be used only to:

(1) award grants to eligible communities under this section; and

(2) reimburse the department's reasonable costs to administer this section, up to a maximum of five percent of the appropriation made to the commissioner under this section. The commissioner may transfer part of the allowable administrative portion of this appropriation to the Environmental Quality Board to assist communities with regulatory coordination and dedicated technical assistance on conversion for these communities.

(b) An eligible community awarded a grant under this section may use the grant to plan for or address the economic and social impacts on the eligible community of the electric generating plant's cessation of operations, including but not limited to land use studies, economic planning, researching, planning, and implementing activities, capital costs of public infrastructure necessary for economic development, and impact studies and other planning activities enabling communities to become shovel-ready and support the transition from power plants to other economic activities to minimize the negative impacts of power plant closures on tax revenues and jobs designed to:

(1) assist workers at the plant find new employment, including worker retraining and developing small business start-up skills;

(1) is currently operating and (i) is scheduled to cease operations ~~or~~, (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the commission under section 216B.2422, or (iii) whose current operating license expires within 15 years of the effective date of this section; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before the date an application is made for a grant under this section.

Sec. 5. Minnesota Statutes 2022, section 116J.55, subdivision 5, is amended to read:

Subd. 5. **Grant awards; limitations.** ~~(a) The commissioner must award grants under this section to eligible communities through a competitive grant process.~~

~~(b)~~ (a) A grant awarded to an eligible community under this section must not exceed ~~$500,000~~ $1,000,000 in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.

~~(c)~~ (b) Grants funded with revenues from the renewable development account established in section 116C.779 must be awarded to an eligible community located within the retail electric service territory of the public utility that is subject to section 116C.779 or to an eligible community in which an electric generating plant owned by that public utility is located.

Sec. 6. Minnesota Statutes 2022, section 116J.55, subdivision 6, is amended to read:

Subd. 6. **Eligible expenditures.** (a) Money in the account established in subdivision 3 must be used only to:

(1) award grants to eligible communities under this section; and

(2) reimburse the department's reasonable costs to administer this section, up to a maximum of five percent of the appropriation made to the commissioner under this section. The commissioner may transfer part of the allowable administrative portion of this appropriation to the Environmental Quality Board to assist communities with regulatory coordination and dedicated technical assistance on conversion for these communities.

(b) An eligible community awarded a grant under this section may use the grant to plan for or address the economic and social impacts on the eligible community of the electric generating plant's cessation of operations, including but not limited to land use studies, economic planning, researching, planning, and implementing activities, capital costs of public infrastructure necessary for economic development, and impact studies and other planning activities enabling communities to become shovel-ready and support the transition from power plants to other economic activities to minimize the negative impacts of power plant closures on tax revenues and jobs designed to:

(1) assist workers at the plant find new employment, including worker retraining and developing small business start-up skills;

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(2) increase the eligible community's property tax base; and

(3) develop alternative economic development strategies to attract new employers to the eligible community.

Sec. 5. **[116J.9926] EMERGING DEVELOPER FUND PROGRAM.**

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

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

(c) "Eligible project" means a project that is based in Minnesota and meets one or more of the following criteria:

(1) it will stimulate community stabilization or revitalization;

(2) it will be located within a census tract identified as a disadvantaged community or low-income community;

(3) it will directly benefit residents of a low-income household;

(4) it will increase the supply and improve the condition of affordable housing and homeownership;

(5) it will support the growth needs of new and existing community-based enterprises that promote economic stability or improve the supply or quality of job opportunities; or

(6) it will promote wealth creation, including by being a project in a neighborhood traditionally not served by real estate developers.

(d) "Emerging developer" means a developer who:

(1) has limited access to loans from traditional financial institutions; or

(2) is a new or smaller developer who has engaged in educational training in real estate development; and

(3) is either a:

(i) minority as defined by section 116M.14, subdivision 6;

(ii) woman;

(iii) person with a disability, as defined under section 116M.14, subdivision 9; or

(iv) low-income person.

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(2) increase the eligible community's property tax base; and

(3) develop alternative economic development strategies to attract new employers to the eligible community.

Sec. 13. **[116J.9926] EMERGING DEVELOPER FUND PROGRAM.**

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

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

(c) "Disadvantaged community" means a community where the median household income is less than 80 percent of the area median income.

(d) "Eligible project" means a project that is based in Minnesota and meets one or more of the following criteria:

(1) it will stimulate community stabilization or revitalization;

(2) it will be located within a census tract identified as a disadvantaged community or low-income community;

(3) it will directly benefit residents of a low-income household;

(4) it will increase the supply and improve the condition of affordable housing and homeownership;

(5) it will support the growth needs of new and existing community-based enterprises that promote economic stability or improve the supply or quality of job opportunities; or

(6) it will promote wealth creation, including by being a project in a neighborhood traditionally not served by real estate developers.

(e) "Emerging developer" means a developer who:

(1) has limited access to loans from traditional financial institutions; or

(2) is a new or smaller developer who has engaged in educational training in real estate development; and

(3) is either a:

(i) minority as defined in section 116M.14, subdivision 6;

(ii) woman;

(iii) person with a disability, as defined in section 116M.14, subdivision 9; or

(iv) low-income person.

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(e) "Low-income person" means a person who:	(f) "Low-income person" means a person who:
(i) has a household income at or below 200 percent of the federal poverty guidelines; or	(1) has a household income at or below 200 percent of the federal poverty level; or
(ii) has a family income that does not exceed 60 percent of the area median income as determined by the United States Department of Housing and Urban Development.	(2) has a family income that does not exceed 60 percent of the area median income as determined by the United States Department of Housing and Urban Development.
	(g) "Partner organization" means a community development financial institution or a similarly qualified nonprofit corporation, as determined by the commissioner.
(f) "Program" means the emerging developer fund program created under this section.	(h) "Program" means the emerging developer fund program created under this section.
Subd. 2. **Establishment.** The commissioner shall establish an emerging developer fund program to make loans to emerging developers for eligible projects to transform neighborhoods statewide and promote economic development and the creation and retention of jobs in Minnesota. The program shall also reduce racial and socioeconomic disparities by growing the financial capacity of emerging developers.	Subd. 2. **Establishment.** The commissioner shall establish an emerging developer fund program to make grants to partner organizations to make grants and loans to emerging developers for eligible projects to transform neighborhoods statewide and promote economic development and the creation and retention of jobs in Minnesota. The program must also reduce racial and socioeconomic disparities by growing the financial capacity of emerging developers.
	Subd. 3. **Grants to partner organizations.** (a) The commissioner shall design a competitive process to award grants to partner organizations to make grants and loans to emerging developers under subdivision 4.
	(b) A partner organization may use up to ten percent of grant funds for the administrative costs of the program.
Subd. 3. **Loan program.** (a) Through the program, the commissioner shall offer emerging developers predevelopment, construction, and bridge loans for eligible projects.	Subd. 4. **Grants and loans to emerging developers.** (a) Through the program, partner organizations shall offer emerging developers predevelopment grants and predevelopment, construction, and bridge loans for eligible projects according to a plan submitted to and approved by the commissioner.
(b) Predevelopment loans shall be for no more than $50,000. All other types of loans shall be for no more than $500,000.	(b) Predevelopment grants must be for no more than $100,000. All loans must be for no more than $1,000,000.
(c) Loans shall be for a term set by the commissioner of no less than six months and no more than five years, depending on the use of loan proceeds.	(c) Loans must be for a term set by the partner organization and approved by the commissioner of no less than six months and no more than eight years, depending on the use of loan proceeds.
(d) Loans shall be for zero interest or a low interest rate, as determined by the commissioner based on the individual project risk and type of loan sought.	(d) Loans must be for zero interest or an interest rate of no more than the Wall Street Journal prime rate, as determined by the partner organization and approved by the commissioner based on the individual project risk and type of loan sought.
(e) Loans shall have flexible collateral requirements, but may require a personal guaranty from the emerging developer and may be largely unsecured when the appraised value of the real estate is low.	(e) Loans must have flexible collateral requirements compared to traditional loans, but may require a personal guaranty from the emerging developer and may be largely unsecured when the appraised value of the real estate is low.

(f) Loans shall have no prepayment penalties and are expected to be repaid from permanent financing or a conventional loan, once that is secured.

(g) Loans shall have the ability to bridge many types of receivables, such as tax credits, grants, developer fees, and other forms of long-term financing.

(h) At the commissioner's discretion, an emerging developer may be required to work with an experienced developer or professional services consultant who can offer expertise and advice throughout the development of the project.

(i) All loan repayments shall be paid into the emerging developer fund account created in this section to fund additional loans.

Subd. 4. **Eligible expenses.** (a) The following shall be eligible expenses for a predevelopment loan under the program:

(1) earnest money or purchase deposit;

(2) building inspection fees and environmental reviews;

(3) appraisal and surveying;

(4) design and tax credit application fees;

(5) title and recording fees;

(6) site preparation, demolition, and stabilization;

(7) interim maintenance and project overhead;

(8) property taxes and insurance;

(9) construction bonds or letters of credit;

(10) market and feasibility studies; and

(11) professional fees.

(b) The following shall be eligible expenses for a construction or bridge loan under the program:

(1) land or building acquisition;

(2) construction-related expenses;

(3) developer and contractor fees;

(4) site preparation and demolition;

(5) financing fees, including title and recording;

(6) professional fees;

(f) Loans must have no prepayment penalties and are expected to be repaid from permanent financing or a conventional loan, once that is secured.

(g) Loans must have the ability to bridge many types of receivables, such as tax credits, grants, developer fees, and other forms of long-term financing.

(h) At the partner organization's request and the commissioner's discretion, an emerging developer may be required to work with an experienced developer or professional services consultant who can offer expertise and advice throughout the development of the project.

(i) All loan repayments must be paid into the emerging developer fund account created in this section to fund additional loans.

Subd. 5. **Eligible expenses.** (a) The following are eligible expenses for a predevelopment grant or loan under the program:

(1) earnest money or purchase deposit;

(2) building inspection fees and environmental reviews;

(3) appraisal and surveying;

(4) design and tax credit application fees;

(5) title and recording fees;

(6) site preparation, demolition, and stabilization;

(7) interim maintenance and project overhead;

(8) property taxes and insurance;

(9) construction bonds or letters of credit;

(10) market and feasibility studies; and

(11) professional fees.

(b) The following are eligible expenses for a construction or bridge loan under the program:

(1) land or building acquisition;

(2) construction-related expenses;

(3) developer and contractor fees;

(4) site preparation, environmental cleanup, and demolition;

(5) financing fees, including title and recording;

(6) professional fees;

(7) carrying costs;

(8) construction period interest;

(9) project reserves; and

(10) leasehold improvements and equipment purchase.

Subd. 5. **Emerging developer fund account.** An emerging developer fund account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for loans under this section.

Subd. 6. **Reports to the legislature.** By February 15 of each year, beginning in 2025, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on loans made under the program.

Sec. 6. Laws 2021, First Special Session chapter 10, article 2, section 24, is amended to read:

Sec. 24. **FORGIVABLE LOAN PROGRAM FOR REMOTE RECREATIONAL BUSINESSES.**

Subdivision 1. **Establishment.** Lake of the Woods County shall establish a loan program to make forgivable loans to eligible remote recreational businesses that experienced a loss in revenue that is greater than 30 percent during the period between March 15, ~~2020~~ 2021, and March 15, ~~2021~~ 2022, as compared with ~~the previous year~~ March 15, 2019, and March 15, 2020.

Subd. 2. **Definition.** For the purposes of this section, "remote recreational business" means a business in the contiguous United States that is:

(1) a small business concern as defined under section 3 of the Small Business Act, United States Code, title 15, section 632, operating in the recreational industry;

(2) located within 75 miles of the United States and Canadian border; and

(3) only accessible by land via Canada.

Subd. 3. **Eligibility.** To be eligible for a forgivable loan, a remote recreational business must:

(1) have been in operation on March 15, ~~2020~~ 2021;

(2) show that the closure and ongoing COVID-19-related requirements of the United States and Canadian border restricted the ability of American customers to access the location of the remote recreational business; and

(7) carrying costs;

(8) construction period interest;

(9) project reserves; and

(10) leasehold improvements and equipment purchase.

Subd. 6. **Emerging developer fund account.** An emerging developer fund account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for grants to partner organizations to make loans under this section.

Subd. 7. **Reports to the legislature.** (a) By January 15 of each year, beginning in 2025, each partner organization shall submit a report to the commissioner on the use of program funds and program outcomes.

(b) By February 15 of each year, beginning in 2025, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on the use of program funds and program outcomes.

(3) not have received a grant under the Main Street COVID-19 relief grant program.

Subd. 4. **Application.** (a) Lake of the Woods County shall develop forms and procedures for soliciting and reviewing applications for loans under this section.

(b) Loans shall be made before ~~April 1, 2022~~ December 30, 2023. Any funds not spent by ~~April 1~~ December 30, ~~2022~~ 2024, must be returned to the state general fund.

(c) If there are insufficient funds to pay all claims in full, the county shall distribute funds on a prorated basis.

Subd. 5. **Maximum loan amount.** The maximum loan amount shall be equal to 75 percent of the remote recreational business's gross annual receipts for fiscal year ~~2020~~ 2021, not to exceed $500,000 per eligible remote recreational business.

Subd. 6. **Forgiveness.** Loans are forgiven for a remote recreational business if the business remains in operation for at least one year after the date of the loan. Lake of the Woods County shall forgive 100 percent of the value of a loan received less the amount the borrower received from:

(1) any other loan forgiveness program, including any program established under the CARES Act, Public Law 116-136; and

(2) an advance received under section 1110 of the CARES Act, United States Code, title 15, section 9009.

Subd. 7. **Report to legislature.** By ~~January 15, 2023~~ April 30, 2024, Lake of the Woods County shall report to the legislative committees with jurisdiction over economic development policy and finance on the loans provided to remote recreational businesses under this section.

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

Sec. 7. **CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** The Northland Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding a grant to the Northland Foundation for the relief program under this section:

(1) the Northland Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

Sec. 15. **CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** The Northland Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding a grant to the Northland Foundation for the relief program under this section:

(1) the Northland Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

(2) the Northland Foundation must submit its criteria, procedures, and requirements developed under clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is $50,000 per business.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least ten percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

Subd. 4. **Monitoring.** (a) The Northland Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

(2) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full time or part time, and the status of the jobs as temporary or permanent;

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the Northland Foundation's compliance with this section and the performance measures developed under paragraph (a).

(c) The Northland Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

(2) the Northland Foundation must submit its criteria, procedures, and requirements developed under clause (1) to the commissioner of employment and economic development for review; and

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is $50,000 per business.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least ten percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

Subd. 4. **Monitoring.** (a) The Northland Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

(2) the number of jobs created or retained as a result of the assistance, including information on the wages and benefit levels, the status of the jobs as full time or part time, and the status of the jobs as temporary or permanent;

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the Northland Foundation's compliance with this section and the performance measures developed under paragraph (a).

(c) The Northland Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals, and wage and benefit goals.

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

EFFECTIVE DATE. This section is effective July 1, 2023, and expires June 30, 2024.

under this section must provide for job creation and retention goals, and wage and benefit goals.

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

EFFECTIVE DATE. This section is effective July 1, 2023, and expires June 30, 2024.

Sec. 24. **ENGAGEMENT TO ADDRESS BARRIERS TO EMPLOYMENT.**

The commissioner of employment and economic development shall engage stakeholders to identify barriers that adults with mental illness face in obtaining and retaining employment and recommend strategies to address those barriers. The commissioner shall solicit feedback from advocacy organizations for people with mental illness, mental health providers, people with mental illness, organizations that support people with mental illness in obtaining employment, and employers. The commissioner shall submit a plan to the legislative committees with jurisdiction over employment and human services before February 1, 2024, identifying the barriers to employment and making recommendations on how to best improve the employment rate among people with mental illness.

Sec. 25. **SOUTHWESTERN MINNESOTA WORKFORCE DEVELOPMENT SCHOLARSHIP PILOT PROGRAM.**

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

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

(c) "Southwest Initiative Foundation" or "foundation" means a nonprofit organization that provides services to the following counties in southwest Minnesota: Big Stone, Chippewa, Cottonwood, Jackson, Kandiyohi, Lac qui Parle, Lincoln, Lyon, McLeod, Meeker, Murray, Nobles, Pipestone, Redwood, Renville, Rock, Swift, and Yellow Medicine, and the Lower Sioux Indian Community and Upper Sioux Community.

(d) "Employer-sponsored applicant" means a student applicant with a local employer scholarship equal to or greater than 25 percent of the workforce development scholarship.

(e) "Eligible student" means a student applicant who:

(1) is eligible for resident or nonresident tuition;

(2) is enrolling in an eligible program as determined by the regional workforce development board; and

(3) is enrolling at least half-time at a Minnesota West college listed in subdivision 4.

(f) "Local employer" means an employer with a physical location in a county within the service area of the foundation listed in paragraph (c).

Subd. 2. **Program established.** The commissioner shall establish a southwestern Minnesota workforce development scholarship pilot program administered by the foundation to assist in meeting the workforce challenges in southwest Minnesota and enhance long-term economic self-sufficiency by connecting students, higher education facilities, employers, and communities.

Subd. 3. **Grant to the Southwest Initiative Foundation.** The commissioner shall award all grant funds to the foundation, which shall administer the southwestern Minnesota workforce development scholarship pilot program. The foundation may use up to seven percent of grant funds for administrative costs.

Subd. 4. **Scholarship awards.** (a) The foundation shall coordinate available funds and award scholarships to the following Minnesota West colleges:

(1) Canby;

(2) Granite Falls;

(3) Pipestone;

(4) Worthington;

(5) Jackson;

(6) Luverne; and

(7) Marshall.

(b) Scholarships shall be coordinated by the individual colleges listed in paragraph (a) and applied only after all other available grant funding through a last-dollar-in model.

(c) In awarding grants, priority shall first be given to applicants that are program-continuing applicants. Priority shall then be given to employer-sponsored applicants.

(d) Scholarships are intended to supplement all other grant opportunities and to cover the full cost of attendance to the eligible students.

Subd. 5. **Program eligibility.** Scholarships shall be awarded to eligible students who are enrolled in or enrolling in a high-demand occupation associate degree, diploma, or certificate or industry-recognized credential program as defined annually by the applicable regional workforce development board. Students must complete the Free Application for Federal Student Aid if applicable to the program to which they are applying.

Subd. 6. **Renewal; cap.** A student who has been awarded a scholarship may apply in subsequent academic years, but total lifetime awards are not to exceed two full scholarships per student. Students may only be awarded a second scholarship upon successful completion of the program and subsequent work period requirement.

Subd. 7. **Administration.** (a) The foundation and Minnesota West colleges shall establish an application process and other guidelines for implementing the pilot program.

(b) Each college shall receive from their respective workforce development board by December 1 of each year, commencing in 2023, a list of eligible programs administered by the college that are eligible for subsequent year scholarships. The applicable workforce development board must consider data based on a workforce shortage for full-time employment requiring postsecondary education that is unique to the specific region, as reported in the most recent Department of Employment and Economic Development job vacancy survey data for the economic development region in which the college is located. A workforce shortage area is one in which the job vacancy rate for full-time employment in a specific occupation in a region is higher than the state average vacancy rate for that same occupation.

Subd. 8. **Scholarship recipient requirements.** (a) A recipient of a scholarship awarded under the program established in this section shall:

(1) be enrolled in a high-demand occupation associate degree, diploma, or certificate or industry-recognized credential program as defined by the regional workforce development board and offered by a Minnesota West college;

(2) adhere to any applicable participating local employer program requirements;

(3) commit to three years of full-time employment with:

(i) a sponsoring local employer; or

(ii) any qualified local employer within the high-demand occupations as defined by the regional workforce development board; and

(4) fulfill the three-year full-time employment commitment in a county within the service area of the foundation as listed in subdivision 1, paragraph (c).

(b) If a recipient of a scholarship fails to fulfill the requirements of paragraph (a), the foundation may convert the scholarship to a loan. Amounts repaid from a loan shall be used to fund scholarship awards under this section.

Subd. 9. **Employer partnerships.** The foundation and Minnesota West colleges shall establish partnerships with qualified local employers and work to ensure that a percentage of the state funds appropriated to each college for the southwestern Minnesota workforce development scholarship program are equally matched with employer funds.

Subd. 10. **Report required.** The foundation must submit an annual report by December 31 of each year regarding the scholarship program to the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development policy. The first report is due no later than December 31, 2023. The annual report shall include:

(1) the number of students receiving a scholarship at each participating college during the previous calendar year;

(2) the number of scholarships awarded for each program and type of program during the previous calendar year;

(3) the number of scholarship recipients who completed a program of study or certification;

(4) the number of scholarship recipients who secured employment by their graduation date and those who secured employment within three months of their graduation date;

(5) a list of the colleges that received funding, the amount of funding each institution received, and whether all withheld funds were distributed;

(6) a list of occupations scholarship recipients are entering;

(7) the number of students who were denied a scholarship;

(8) a list of participating local employers and amounts of any applicable employer contributions; and

(9) a list of recommendations to the legislature regarding potential program improvements.

Sec. 26. **UNEMPLOYMENT INSURANCE FINE REDUCTION AND INTEREST ELIMINATION.**

By January 1, 2024, the commissioner of employment and economic development must make recommendations to the legislative committees with jurisdiction over workforce development for how the unemployment insurance system will reduce the fines and interest applied to misrepresentation overpayments. The commissioner must provide a timeline for implementing a reduction of the 40 percent fine to 15 percent and an elimination of the 12 percent interest rate.