# CHAPTER 116J

# EMPLOYMENT AND ECONOMIC DEVELOPMENT


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## GENERAL

### 116J.01 DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT.

Subdivision 1. **Appointment.** The Department of Employment and Economic Development is supervised and controlled by the commissioner of employment and economic development, who is appointed by the governor and serves under section 15.06.

Subd. 2. **Confidential secretary.** The commissioner may appoint a confidential secretary in the unclassified service.

Subd. 3. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 4. MS 2002 [Repealed, 2004 c 171 s 20]

Subd. 5. **Departmental organization.** (a) The commissioner shall organize the department as provided in section 15.06.

(b) The commissioner may establish divisions and offices within the department. The commissioner may employ four deputy commissioners in the unclassified service.

(c) The commissioner shall:

(1) employ assistants and other officers, employees, and agents that the commissioner considers necessary to discharge the functions of the commissioner's office;

(2) define the duties of the officers, employees, and agents, and delegate to them any of the commissioner's powers, duties, and responsibilities, subject to the commissioner's control and under conditions prescribed by the commissioner.

(d) The commissioner shall ensure that there are at least three employment and economic development officers in state offices in nonmetropolitan areas of the state who will work with local units of government on developing local employment and economic development.

Subd. 6. **Unclassified positions.** (a) The commissioner may establish positions in the unclassified service in accordance with section 43A.08. The commissioner may appoint and define the duties of other subordinate officers and employees as the commissioner deems necessary to discharge the functions of the department.

(b) The commissioner may establish the position of director of the state job training office in the unclassified service.

**History:** *1981 c 356 s 64; 1983 c 289 s 40-42; 1984 c 558 art 4 s 3; 1Sp1985 c 14 art 9 s 39; 1987 c 312 art 1 s 14; 1989 c 335 art 1 s 136,137; 1990 c 571 s 42; 1990 c 589 art 1 s 2; 1991 c 261 s 1; 1993 c 163 art 1 s 12; 1994 c 483 s 1; 1996 c 369 s 2,3; 1997 c 200 art 1 s 50; 2001 c 175 s 52; 2001 c 200 s 1,2; 1Sp2003 c 4 s 1; 2004 c 171 s 3; 2004 c 206 s 8,9,52; 2007 c 13 art 2 s 15*

### 116J.011 MISSION.

The mission of the Department of Employment and Economic Development is to facilitate an economic environment that produces net new job growth in excess of the national average while improving the quality of the state workforce. These actions will support the economic success of Minnesota individuals, businesses, and communities by providing opportunities for growth. It is part of the department's mission that within the department's resources the commissioner shall endeavor to:

(1) prevent the waste or unnecessary spending of public money;

(2) use innovative fiscal and human resource practices to manage the state's resources and operate the department as efficiently as possible;

(3) coordinate the department's activities wherever appropriate with the activities of other governmental agencies;

(4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;

(5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;

(6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and

(7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the department.

**History:** *1993 c 163 art 1 s 13; 1995 c 248 art 11 s 8; 1998 c 366 s 55; 2003 c 128 art 13 s 5; 1Sp2003 c 4 s 1; 2004 c 206 s 10*

**116J.0124 PLAIN LANGUAGE IN WRITTEN MATERIALS.**

(a) To the extent reasonable and consistent with the goals of providing easily understandable and readable materials and complying with federal and state laws governing the programs, all written materials relating to services and determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under a program administered or supervised by the commissioner of employment and economic development must be understandable to a person of average intelligence and education.

(b) All written materials relating to determinations of eligibility for or amounts of benefits that will be given to applicants for or recipients of assistance under programs administered or supervised by the commissioner of employment and economic development must be developed to satisfy the plain language requirements of the Plain Language Contract Act under sections 325G.29 to 325G.36. Materials may be submitted to the attorney general for review and certification. Regardless of section 325G.35, subdivision 1, the attorney general shall review submitted materials to determine whether they comply with the requirements of section 325G.31. The remedies available pursuant to sections 8.31 and 325G.33 to 325G.36 do not apply to these materials. Failure to comply with this section does not provide a basis for suspending the implementation or operation of other laws governing programs administered by the commissioner.

(c) The requirements of this section apply to all materials modified or developed by the commissioner on or after July 1, 1988. The requirements of this section do not apply to materials that must be submitted to a federal agency for approval, to the extent that application of the requirements prevents federal approval.

(d) Nothing in this section may be construed to prohibit a lawsuit brought to require the commissioner to comply with this section.

**History:** *1988 c 689 art 2 s 220; 1994 c 483 s 1; 1995 c 259 art 1 s 41; 1996 c 339 s 4; 1997 c 7 art 1 s 104; 2001 c 175 s 52; 2004 c 206 s 52; 2009 c 86 art 1 s 89*

**116J.0125 ANNUAL REPORT TO LEGISLATURE.**

The commissioner shall provide to the legislature no later than January 15 of each year a report of department programs and services. The report must include:

(1) a description of the department's programs and services;

(2) the number of clients served by each program or service;

(3) an evaluation of each program or service; and

(4) recommendations for changes or improvements to the programs or services.

**History:** *1996 c 339 s 5; 2004 c 206 s 52*

**116J.013 COST-OF-LIVING STUDY; ANNUAL REPORT.**

(a) The commissioner shall conduct an annual cost-of-living study in Minnesota. The study shall include:

(1) a calculation of the statewide basic needs cost of living, adjusted for family size;

(2) a calculation of the basic needs cost of living, adjusted for family size, for each county;

(3) an analysis of statewide and county cost-of-living data, employment data, and job vacancy data; and

(4) recommendations to aid in the assessment of employment and economic development planning needs throughout the state.

(b) The commissioner shall report on the cost-of-living study and recommendations by February 1 of each year to the governor and to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over employment and economic development issues.

**History:** *2013 c 85 art 3 s 1*

**116J.014 COOPERATION WITH OTHER STATE AGENCIES.**

To effectively coordinate job training and placement services with future job needs of the state the commissioner shall maintain close liaison, coordination and cooperation with the commissioner of any other state agency involved in employment issues affecting the state.

**History:** *1977 c 430 s 13; 1981 c 356 s 186; 1983 c 289 s 115 subd 1; 1987 c 312 art 1 s 26 subd 2; 1Sp2003 c 4 s 1; 2004 c 206 s 41,52*

**116J.015 LEGISLATIVE REVIEW; EXPIRATION OF REPORT MANDATES.**

The commissioner shall submit to the chairs and ranking minority members of the legislative committees with jurisdiction over employment and economic development by February 15 of each year, beginning February 15, 2024, the following:

(1) a list of all reports required from the commissioner of employment and economic development to the legislature that are mandated by statute and the enabling legislation does not include a date for the submission of a final report;

(2) a discussion regarding the usefulness of continuation for each report; and

(3) any additional information the commissioner considers appropriate regarding whether the reporting requirement should be set to expire by the legislature.

**History:** *2023 c 33 s 1; 2023 c 73 s 1*

**116J.02** MS 1982 [Repealed, 1983 c 289 s 119]

**116J.03 DEFINITIONS.**

Subdivision 1. **Scope.** As used in this chapter, the terms defined in this section have the meaning given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 3. **Department.** "Department" means the Department of Employment and Economic Development.

**History:** *1981 c 356 s 66,248; 1983 c 289 s 43; 1987 c 312 art 1 s 15; 1Sp2003 c 4 s 1*

**116J.035 POWERS OF COMMISSIONER; RULES.**

Subdivision 1. **Powers.** (a) The commissioner may:

(1) apply for, receive, and expend money from municipal, county, regional, and other government agencies;

(2) apply for, accept, and disburse grants and other aids from other public or private sources;

(3) contract for professional services if such work or services cannot be satisfactorily performed by employees of the department or by any other state agency;

(4) enter into interstate compacts to jointly carry out such research and planning with other states or the federal government where appropriate;

(5) distribute informational material at no cost to the public upon reasonable request; and

(6) enter into contracts necessary for the performance of the commissioner's duties with federal, state, regional, metropolitan, local, and other agencies or units of government; educational institutions, including the University of Minnesota. Contracts made pursuant to this section shall not be subject to the competitive bidding requirements of chapter 16C.

(b) The commissioner may apply for, receive, and expend money made available from federal or other sources for the purpose of carrying out the duties and responsibilities of the commissioner pursuant to this chapter.

(c) All moneys received by the commissioner pursuant to this chapter shall be deposited in the state treasury and, subject to section 3.3005, are appropriated to the commissioner for the purpose for which the moneys have been received. The money shall not cancel and shall be available until expended.

Subd. 1a. **Promotional contracts.** In order to best carry out duties and responsibilities and to serve the people of the state in the promotion of tourism, trade, and economic development, the commissioner may engage in programs and projects jointly with a private person, firm, corporation or association and may enter into contracts under terms to be mutually agreed upon to carry out such programs and projects not including acquisition of land or buildings. Contracts may be negotiated and are not subject to the provisions of chapter 16C relating to competitive bidding.

Subd. 2. **Rules.** The commissioner may adopt rules pursuant to chapter 14 as necessary to carry out the commissioner's duties and responsibilities.

Subd. 3. MS 1986 [Repealed, 1987 c 403 art 2 s 164]

Subd. 4. **Delegation of powers.** The commissioner may delegate, in written orders filed with the secretary of state, any powers or duties subject to the commissioner's control to officers and employees in the department. Regardless of any other law, the commissioner may delegate the execution of specific contracts or specific types of contracts to the commissioner's deputies, an assistant commissioner, or a program director if the delegation has been approved by the commissioner of administration and filed with the secretary of state.

Subd. 5. **Demonstration projects.** The commissioner may conduct and administer demonstration projects to test methods and procedures for providing employment and training services. The demonstration must provide new methods and procedures of administration and must not conflict with the basic purposes, coverage, or benefits provided by law. No demonstration project authorized by this section is effective until any required approval by a federal agency is obtained and the comprehensive plan, including the estimated project costs, is filed with the commissioner of administration.

Subd. 6. **Receipt of gifts, money; appropriation.** (a) The commissioner may:

(1) apply for, accept, and disburse gifts, bequests, grants, payments for services, loans, or other property from the United States, the state, private foundations, or any other source;

(2) enter into an agreement required for the gifts, grants, or loans; and

(3) hold, use, and dispose of its assets according to the terms of the gift, grant, loan, or agreement.

(b) Money received by the commissioner under this subdivision must be deposited in a separate account in the state treasury and invested by the State Board of Investment. The amount deposited, including investment earnings, is appropriated to the commissioner to carry out duties under this section.

(c) Money received by the commissioner under this subdivision for State Services for the Blind is exempt from depositing gifts, bequests, charitable contributions, and similar contributions made solely into the state treasury.

Subd. 7. **Monitoring pass-through grant recipients.** The commissioner shall monitor the activities and outcomes of programs and services funded by legislative appropriations and administered by the department on a pass-through basis. Unless amounts are otherwise appropriated for administrative costs, the commissioner may retain up to five percent of the amount appropriated to the department for grants to pass-through entities. Amounts retained are deposited to a special revenue account and are appropriated to the commissioner for costs incurred in administering and monitoring the pass-through grants.

Subd. 8. **Minnesota Business First Stop.** (a) The commissioner of employment and economic development shall, through the multiagency collaboration called "Minnesota Business First Stop," ensure the coordination, development, implementation, and administration of state permits, including:

(1) establishing a mechanism in state government that will coordinate administrative decision-making procedures and related quasijudicial and judicial review pertaining to permits related to the state's air, land, and water resources;

(2) providing coordination and understanding between federal, state, and local governmental units in the administration of the various programs relating to air, water, and land resources;

(3) identifying all existing state permits, reviews, and other approvals, compliance schedules, or other programs that pertain to the use of natural resources and protection of the environment; and

(4) recommending legislative or administrative modifications to existing permit programs to increase their efficiency and utility.

(b) A person proposing a project may apply to Minnesota Business First Stop for assistance in obtaining necessary state permits, reviews, and other approvals. Upon request, the commissioner shall to the extent practicable:

(1) provide a list of all federal, state, and local permits and other required reviews and approvals for the project;

(2) provide a plan that will coordinate federal, state, and local administrative decision-making practices, including monitoring, analysis and reporting, public comments and hearings, and issuances of permits and approvals;

(3) provide a timeline for the issuance of all federal, state, and local permits and other reviews and approvals required for the project;

(4) coordinate the execution of any memorandum of understanding between the person proposing a project and any federal, state, or local agency;

(5) coordinate all federal, state, or local public comment periods and hearings; and

(6) provide other assistance requested to facilitate final approval and issuance of all federal, state, and local permits and other approvals required for the project.

(c) Notwithstanding section 16A.1283, as necessary, the commissioner may negotiate a schedule to assess the project proposer for reasonable costs that any state agency incurs in the coordination, development, implementation, and administration of state permits, and the proposer shall pay the assessed costs to the commissioner. Money received by the commissioner must be credited to an account in the special revenue fund and is appropriated to the commissioner to cover the assessed costs incurred.

(d) Reimbursement by a project proposer shall precede and not be contingent upon issuance of a permit and shall not affect any state agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations.

(e) The coordination of the development, implementation, and administration of state permits is not governmental action under section 116D.04.

Subd. 9. **Disclosure to the commissioner of human services.** The commissioner may disclose workforce program participation data gathered under chapter 116L to the commissioner of human services for the purpose of administering section 256B.0562 without the consent of the subject of the data.

**History:** *1947 c 587 s 6; 1967 c 299 s 5; 1981 c 356 s 248; 1984 c 604 s 2; 1Sp1985 c 14 art 9 s 4,39,40; 1986 c 444; 1987 c 312 art 1 s16; 1987 c 403 art 2 s 129,130; art 3 s 50; 1989 c 282 art 5 s 123,124; 1990 c 571 s 42; 1990 c 589 art 1 s 2; 1994 c 483 s 1; 1995 c 186 s 34; 1995 c 248 art 11 s 19; 1995 c 259 art 1 s 40; 1996 c 339 s 2,3; 1997 c 7 art 5 s 34; 1997 c 66 s 80; 1997 c 85 art 4 s 26; 1997 c 245 art 4 s 6; 1998 c 265 s 2; 1998 c 366 s 65; 1998 c 386 art 2 s 33,35; 1999 c 107 s 66; 1999 c 159 s 119; 2000 c 343 s 4; 2001 c 79 s 3; 2001 c 175 s 52; 1Sp2001 c 9 art 10 s 61; 2002 c 379 art 1 s 113; 1Sp2003 c 14 art 1 s 106; 2004 c 206 s 11,40,52; 2009 c 78 art 2 s 4,5,43; 1Sp2011 c 4 art 2 s 1; 2012 c 150 art 1 s 8; 2012 c 272 s 78; 2014 c 237 s 12; 1Sp2021 c 10 art 2 s 1; 2026 c 127 art 6 s 1*

**116J.036** MS 2002 [Repealed, 2004 c 171 s 20; 2004 c 206 s 53]

**116J.037** MS 2012 [Repealed, 2014 c 271 art 1 s 3]

**116J.04** MS 1986 [Repealed, 1988 c 629 s 64]

**116J.05** [Renumbered 216C.05]

**116J.06** Subdivision 1. [Renumbered 216C.06, subdivision 1]

Subd. 2. [Renumbered 216C.06, subd 2]

Subd. 3. [Renumbered 216B.2421, subd 2]

Subd. 4. [Renumbered 216C.06, subd 3]

Subd. 5. [Renumbered 216C.06, subd 4]

Subd. 6. [Renumbered 216C.06, subd 5]

Subd. 7. [Renumbered 216C.06, subd 6]

Subd. 8. [Renumbered 216C.06, subd 7]

Subd. 9. [Renumbered 216C.06, subd 8]

Subd. 10. [Renumbered 216C.06, subd 9]

Subd. 11. [Renumbered 216C.06, subd 10]

Subd. 12. [Renumbered 216C.06, subd 11]

Subd. 13. [Renumbered 216C.06, subd 12]

**116J.07** [Renumbered 216C.07]

**116J.08** [Renumbered 216C.08]

**116J.09** [Renumbered 216C.09]

**116J.10** [Renumbered 216C.10]

**116J.11** [Renumbered 216C.11]

**116J.12** [Renumbered 216C.12]

**116J.13** [Renumbered 216C.13]

**116J.14** [Renumbered 216C.14]

**116J.15** [Renumbered 216C.15]

**116J.16** [Renumbered 216C.16]

**116J.17** [Renumbered 216C.17]

**116J.18** [Renumbered 216C.18]

**116J.19** [Renumbered 216C.19]

**116J.20** [Renumbered 216C.20]

**116J.21** [Renumbered 216C.21]

**116J.22** [Renumbered 216C.22]

**116J.23** [Renumbered 216C.23]

**116J.24** [Renumbered 216C.24]

**116J.25** [Renumbered 216C.25]

**116J.26** [Renumbered 216C.26]

**116J.261** [Renumbered 216C.261]

**116J.262** [Renumbered 216C.262]

**116J.27** Subdivision 1. [Renumbered 216C.27, subdivision 1]

Subd. 2. [Renumbered 216C.27, subd 2]

Subd. 3. [Renumbered 216C.27, subd 3]

Subd. 4. [Renumbered 216C.27, subd 4]

Subd. 4a. [Renumbered 216C.27, subd 5]

Subd. 4b. [Renumbered 216C.27, subd 6]

Subd. 5. MS 1982 [Repealed, 1983 c 301 s 235]

Subd. 6. [Renumbered 216C.27, subd 7]

Subd. 7. MS 1982 [Repealed, 1983 c 301 s 235]

Subd. 8. [Renumbered 216C.27, subd 8]

**116J.28** [Renumbered 216B.243]

**116J.29** [Renumbered 216C.29]

**116J.30** [Renumbered 216C.30]

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**116J.315** [Renumbered 216C.315]

**116J.32** [Renumbered 216C.32]

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**116J.36** [Renumbered 216C.36]

**116J.37** [Renumbered 216C.37]

**116J.373** [Renumbered 216C.373]

**116J.38** [Renumbered 216C.38]

**116J.381** [Renumbered 216C.381]

## BROADBAND DEVELOPMENT

### 116J.39 OFFICE OF BROADBAND DEVELOPMENT.

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

(b) "Broadband" or "broadband service" means any service providing advanced telecommunications capability and Internet access with transmission speeds that, at a minimum, meet the Federal Communications Commission definition for broadband.

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

(d) "Office" means the Office of Broadband Development established in subdivision 2, paragraph (a).

Subd. 2. **Office established; purpose.** (a) An Office of Broadband Development is established within the Department of Employment and Economic Development and shall remain in existence until the commissioner certifies that the state has met the broadband goals established in section 237.012. The director shall be appointed by the governor and shall serve in the unclassified service. The director must be qualified by experience and training in broadband. The office may employ staff necessary to carry out the office's duties under subdivision 4.

(b) The purpose of the office is to encourage, foster, develop, and improve broadband within the state in order to:

(1) drive job creation, promote innovation, and expand markets for Minnesota businesses;

(2) serve the ongoing and growing needs of Minnesota's education systems, health care system, public safety system, industries and businesses, governmental operations, and citizens; and

(3) improve accessibility for underserved communities and populations.

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

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

(1) serve as the central broadband planning body for the state of Minnesota;

(2) coordinate with state, regional, local, and private entities to develop, to the maximum extent practicable, a uniform statewide broadband access and usage policy;

(3) develop, recommend, and implement a statewide plan to encourage cost-effective broadband access, and to make recommendations for increased usage, particularly in rural and other underserved areas;

(4) coordinate efforts, in consultation and cooperation with the commissioner of commerce, local units of government, and private entities, to meet the state's broadband goals in section 237.012;

(5) develop, coordinate, and implement the state's broadband infrastructure development program under section 116J.391;

(6) provide consultation services to local units of government or other project sponsors in connection with the planning, acquisition, improvement, construction, or development of any broadband deployment project;

(7) encourage public-private partnerships to increase deployment and adoption of broadband services and applications, including recommending funding options and possible incentives to encourage investment in broadband expansion;

(8) monitor the broadband development efforts of other states and nations in areas such as business, education, public safety, and health;

(9) consult with the commissioner of commerce to monitor broadband-related activities at the federal level, including regulatory and policy changes and the potential impact on broadband deployment and sustainability in the state;

(10) serve as an information clearinghouse for federal programs providing financial assistance to institutions located in rural areas seeking to obtain access to high-speed broadband service, and use this information as an outreach tool to make institutions located in rural areas that are unserved or underserved with respect to broadband service aware of the existence of federal assistance;

(11) provide logistical and administrative support for the Governor's Broadband Task Force;

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

(13) coordinate an ongoing collaborative effort of stakeholders to evaluate and address security, vulnerability, and redundancy issues in order to ensure the reliability of broadband networks; and

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

(b) In carrying out its duties under this subdivision, the Office of Broadband Development shall have no authority to regulate or compel action on the part of any provider of broadband service.

Subd. 5. **Reporting.** (a) Beginning January 15, 2014, and each year thereafter, the Office of Broadband Development shall report to the legislative committees with jurisdiction over broadband 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 availability and use of broadband, including average broadband speeds, within the state;

(2) information gathered from schools, libraries, hospitals, and public safety facilities across the state, determining the actual speed and capacity of broadband currently in use and the need, if any, for increases in speed and capacity to meet current or anticipated needs;

(3) an analysis of incumbent broadband infrastructure within the state and its ability to spur economic development;

(4) an analysis of the degree to which new, additional, or improved broadband infrastructure would spur economic development in the state;

(5) a summary of the office's activities in coordinating broadband infrastructure development under section 116J.391;

(6) suggested policies, incentives, and legislation designed to accelerate the achievement of the goals under section 237.012, subdivisions 1 and 2;

(7) any proposed legislative and policy initiatives; and

(8) any other information requested by the legislative committees with jurisdiction over broadband policy and finance, or that the office deems necessary.

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

**History:** *2013 c 85 art 3 s 13*

**116J.391 COORDINATION OF BROADBAND INFRASTRUCTURE DEVELOPMENT.**

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

(b) "Broadband" or "broadband service" has the meaning given in section 116J.39, subdivision 1, paragraph (b).

(c) "Broadband conduit" means a conduit, pipe, innerduct, or microduct for fiber optic or other cables that support broadband and wireless facilities for broadband service.

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

(e) "Office" means the Office of Broadband Development established in section 116J.39.

Subd. 2. **Broadband infrastructure development.** (a) The office shall, in collaboration with the Department of Transportation and private entities, encourage and coordinate "dig once" efforts for the planning, relocation, installation, or improvement of broadband conduit within the right-of-way in conjunction with any current or planned construction, including, but not limited to, trunk highways and bridges. To the extent necessary, the office shall, in collaboration with the Department of Transportation, evaluate engineering and design standards, procedures and criteria for contracts or lease agreements with private entities, and pricing requirements, and provide for allocation of risk, costs, and any revenue generated.

(b) The office shall, in collaboration with other state departments and agencies as the office deems necessary, develop a strategy to facilitate the timely and efficient deployment of broadband conduit or other broadband facilities on state-owned lands and buildings.

(c) To the extent practicable, the office shall encourage and assist local units of government to adopt and implement policies similar to those under paragraphs (a) and (b) for construction or other improvements to county state-aid highways, municipal state-aid roads, and any other rights-of-way under the local unit of government's jurisdiction, and to other lands or buildings owned by the local unit of government.

(d) Special consideration must be paid to projects under this subdivision that will likely improve access to broadband by rural or underserved communities.

Subd. 3. **Reporting.** As part of its annual report under section 116J.39, subdivision 5, the office shall report on activities taken under this section, including, but not limited to, the number of current and planned projects using the "dig once" approach, any gains in broadband speed or access associated with the project, and any costs or cost savings to the state, private entity, or end user of broadband services.

Subd. 4. **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 of Minnesota; its departments, agencies, or entities; its officers, employees, or agents; or any other person.

**History:** *2013 c 85 art 3 s 14*

**116J.394 DEFINITIONS.**

(a) For the purposes of sections 116J.394 to 116J.398, the following terms have the meanings given them.

(b) "Broadband" or "broadband service" has the meaning given in section 116J.39, subdivision 1, paragraph (b).

(c) "Broadband infrastructure" means networks of deployed telecommunications equipment and technologies necessary to provide high-speed Internet access and other advanced telecommunications services for end users.

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

(e) "Last-mile infrastructure" means broadband infrastructure that serves as the final leg connecting the broadband service provider's network to the end-use customer's on-premises telecommunications equipment.

(f) "Middle-mile infrastructure" means broadband infrastructure that links a broadband service provider's core network infrastructure to last-mile infrastructure.

(g) "Political subdivision" means any county, city, town, school district, special district or other political subdivision, or public corporation.

(h) "Underserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds of at least 100 megabits per second download and at least 20 megabits per second upload.

(i) "Unserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service, as defined in section 116J.39.

**History:** *2014 c 312 art 3 s 2; 1Sp2015 c 1 art 2 s 1; 2016 c 189 art 5 s 2*

**116J.395 BORDER-TO-BORDER BROADBAND DEVELOPMENT GRANT PROGRAM.**

Subdivision 1. **Establishment.** A grant program is established under the Department of Employment and Economic Development to award grants to eligible applicants in order to promote the expansion of access to broadband service in unserved or underserved areas of the state.

Subd. 2. **Eligible expenditures.** Grants may be awarded under this section to fund the acquisition and installation of middle-mile and last-mile infrastructure that support broadband service scalable to speeds of at least 100 megabits per second download and 100 megabits per second upload.

Subd. 3. **Eligible applicants.** Eligible applicants for grants awarded under this section include:

(1) an incorporated business or a partnership;

(2) a political subdivision;

(3) an Indian Tribe;

(4) a Minnesota nonprofit organization organized under chapter 317A;

(5) a Minnesota cooperative association organized under chapter 308A, 308B, or 308C; or

(6) a Minnesota limited liability corporation organized under chapter 322C, to expand broadband access.

***[See Note.]***

Subd. 4. **Application process.** (a) An eligible applicant must submit an application to the commissioner on a form prescribed by the commissioner. The commissioner shall develop administrative procedures governing the application and grant award process. The commissioner shall act as fiscal agent for the grant program and shall be responsible for receiving and reviewing grant applications and awarding grants under this section.

(b) At least 30 days prior to the first day applications may be submitted each fiscal year, the commissioner must publish on the department's website the specific criteria and any quantitative weighting scheme or scoring system the commissioner will use to evaluate or rank applications and award grants under subdivision 6.

Subd. 5. **Application contents.** An applicant for a grant under this section shall provide the following information on the application:

(1) the location of the project;

(2) the kind and amount of broadband infrastructure to be purchased for the project;

(3) evidence regarding the unserved or underserved nature of the community in which the project is to be located;

(4) the number of households passed that will have access to broadband service as a result of the project, or whose broadband service will be upgraded as a result of the project;

(5) significant community institutions that will benefit from the proposed project;

(6) evidence of community support for the project;

(7) the total cost of the project;

(8) sources of funding or in-kind contributions for the project that will supplement any grant award;

(9) evidence that no later than six weeks before submission of the application the applicant contacted, in writing, all entities providing broadband service in the proposed project area to ask for each broadband service provider's plan to upgrade broadband service in the project area to speeds that meet or exceed the state's broadband speed goals in section 237.012, subdivision 1, within the time frame specified in the proposed grant activities;

(10) the broadband service providers' written responses to the inquiry made under clause (9); and

(11) any additional information requested by the commissioner.

Subd. 5a. **Challenge process.** (a) Within three days of the close of the grant application process, the office shall publish on its website the proposed geographic broadband service area and the proposed broadband service speeds for each application submitted.

(b) An existing broadband service provider in or proximate to the proposed project area may, within 30 days of publication of the information under paragraph (a), submit in writing to the commissioner a challenge to an application. A challenge must contain information demonstrating that:

(1) the provider currently provides or has begun construction to provide broadband service to the proposed project area at speeds equal to or greater than the state speed goal contained in section 237.012, subdivision 1; or

(2) the provider commits to complete construction of broadband infrastructure and provide broadband service in the proposed project area at speeds equal to or greater than the state speed goal contained in section 237.012, subdivision 1, no later than 18 months after the date grant awards are made under this section for the grant cycle under which the application was submitted.

(c) The commissioner must evaluate the information submitted in a provider's challenge under this section, and is prohibited from funding a project if the commissioner determines that the provider's commitment to provide broadband service that meets the requirements of paragraph (b) in the proposed project area is credible.

(d) If the commissioner denies funding to an applicant as a result of a broadband service provider's challenge made under this section, and the broadband service provider does not fulfill the provider's commitment to provide broadband service in the project area, the commissioner is prohibited from denying funding to an applicant as a result of a challenge by the same broadband service provider for the following two grant cycles, unless the commissioner determines that the broadband service provider's failure to fulfill the provider's commitment was the result of factors beyond the broadband service provider's control.

Subd. 6. **Awarding grants.** (a) In evaluating applications and awarding grants, the commissioner shall give priority to applications that are constructed in areas identified by the director of the Office of Broadband Development as unserved.

(b) In evaluating applications and awarding grants, the commissioner may give priority to applications that:

(1) are constructed in areas identified by the director of the Office of Broadband Development as underserved;

(2) offer new or substantially upgraded broadband service to important community institutions including, but not limited to, libraries, educational institutions, public safety facilities, and health care facilities;

(3) facilitate the use of telehealth and electronic health records;

(4) serve economically distressed areas of the state, as measured by indices of unemployment, poverty, or population loss that are significantly greater than the statewide average;

(5) provide technical support and train residents, businesses, and institutions in the community served by the project to utilize broadband service;

(6) include a component to actively promote the adoption of the newly available broadband services in the community;

(7) provide evidence of strong support for the project from citizens, government, businesses, and institutions in the community;

(8) provide access to broadband service to a greater number of unserved or underserved households and businesses;

(9) leverage greater amounts of funding for the project from other private and public sources; or

(10) commit to implementation of workforce best practices, meaning all laborers and mechanics performing construction, installation, remodeling, or repairs on the project sites for which the grant is provided:

(i) are paid the prevailing wage rate as defined in section 177.42, subdivision 6, and the applicant and all of its construction contractors and subcontractors agree that the payment of prevailing wage to such laborers and mechanics is subject to the requirements and enforcement provisions under sections 177.27, 177.30, 177.32, 177.41 to 177.435, and 177.45, which the commissioner of labor and industry shall have the authority to enforce; or

(ii) receive from the employer:

(A) at least 40 hours of hands-on skills training annually;

(B) employer-paid family health insurance coverage; and

(C) employer-paid retirement benefit payments equal to no less than 15 percent of the employee's total taxable wages.

(c) The commissioner shall endeavor to award grants under this section to qualified applicants in all regions of the state.

(d) The commissioner shall endeavor to award no less than 50 percent of grant awards from general fund appropriations for the border-to-border broadband grant program under section 116J.396 for applicants that agree to implement the workforce best practices in this section. The applicant's agreement to implement the workforce best practices described in paragraph (b) must be an express condition of providing the grant in the grant agreement.

Subd. 7. **Limitation.** (a) No grant awarded under this section may fund more than 50 percent of the total cost of a project.

(b) Grants awarded to a single project under this section must not exceed $10,000,000.

Subd. 8. **Application evaluation report.** By June 30 of each year, the Office of Broadband Development shall publish on the Department of Employment and Economic Development's website and provide to the chairs and ranking minority members of the senate and house of representatives committees with primary jurisdiction over broadband a list of all applications for grants under this section received during the previous year and, for each application:

(1) the results of any quantitative weighting scheme or scoring system the commissioner used to award grants or rank the applications;

(2) the grant amount requested; and

(3) the grant amount awarded, if any.

Subd. 9. **Workforce plan data.** (a) Grantees that serve more than 10,000 broadband customers and are receiving funding for projects under this section are required to provide in annual reports information on the workforce performing installation work funded through the grant, including:

(1) the number of installation labor hours performed by workforce directly employed by the grantee or the Internet service provider;

(2) the number of installation labor hours performed by contractors and subcontractors on grant-funded projects with subtotals for hours worked by Minnesota residents, people of color, Indigenous people, women, and people with disabilities;

(3) the name, business address, and number of labor hours performed by each contractor and subcontractor that participated in construction of a grant-funded project;

(4) the percentages of workforce performing installation labor whose straight-time hourly pay rate was at least $25 and who received employer-paid medical coverage and retirement benefits; and

(5) any other workforce plan information as determined by the commissioner.

(b) Following an award, the workforce plan and the requirement to submit ongoing workforce reports shall be incorporated as material conditions of the contract with the department and become enforceable, certified commitments.

Subd. 10. **Failure to meet requirements or falsification of data.** If successful applicants fail to meet the program requirements under this section, or otherwise falsify information regarding such requirements, the commissioner shall investigate the failure and issue an appropriate action, up to and including a determination that the applicant is ineligible for future participation in broadband grant programs funded by the department.

**History:** *2014 c 157 art 2 s 29; 2014 c 312 art 3 s 3; 2016 c 135 art 4 s 6; 2016 c 189 art 5 s 3-6; 2020 c 83 art 1 s 20; 1Sp2021 c 7 art 6 s 28; 2023 c 43 art 3 s 3; 2024 c 96 art 2 s 1; 2024 c 127 art 13 s 1-3; 2026 c 61 s 41*

**NOTE:** The amendment to subdivision 3 by Laws 2024, chapter 96, article 2, section 1, is effective August 1, 2027. Laws 2024, chapter 96, article 2, section 13, and Laws 2026, chapter 61, section 41.

**116J.3951 BROADBAND LINE EXTENSION PROGRAM.**

Subdivision 1. **Program established.** A broadband line extension grant program is established in the Department of Employment and Economic Development. The purpose of the broadband line extension grant program is to award grants to eligible applicants in order to extend existing broadband infrastructure to unserved locations.

Subd. 2. **Portal.** No later than November 1, 2022, the department must develop and implement a portal on the department's website that allows a person to report (1) that broadband service is unavailable at the physical address of the person's residence or business, and (2) any additional information that the department deems necessary to ensure that the broadband line extension grant program functions effectively. The department must develop a form that allows the information identified in this subdivision to be submitted on paper.

Subd. 3. **Data sharing.** (a) Beginning no later than six months after the date that the portal is implemented and every six months thereafter, the department must send to each broadband service provider serving Minnesota customers: (1) a list of addresses submitted to the portal under subdivision 2 during the previous six months; and (2) any additional information that the department deems necessary to ensure that the broadband line extension grant program functions effectively. The department must send the information required under this section via email.

(b) No later than ten days after the date that the list in paragraph (a) is provided, a broadband service provider may notify the department of any posted address at which the broadband service provider's broadband service is available. The department must provide persons residing or doing business at those addresses with contact information for:

(1) the broadband service provider with broadband service available at that address; and

(2) programs administered by government agencies, nonprofit organizations, or the applicable broadband service provider that reduce the cost of broadband service and for which the persons may be eligible.

Subd. 4. **Reverse auction process.** (a) No later than ten days after the date that the notice requirement in subdivision 3, paragraph (b), expires, the department must notify each broadband service provider that the broadband service provider may participate in the reverse auction process under this subdivision. Within 60 days of the date that the notification is received, a broadband service provider may submit a bid to the department to extend the broadband service provider's existing broadband infrastructure to a location where broadband service is currently unavailable.

(b) A bid submitted under this subdivision must include:

(1) a proposal to extend broadband infrastructure to one or more of the addresses on the list sent by the department to the broadband service provider under subdivision 3, paragraph (a), at which broadband service is unavailable;

(2) the amount of the broadband infrastructure extension's total cost that the broadband service provider proposes to pay;

(3) the amount of the broadband infrastructure extension's total cost that the broadband service provider proposes that the department is responsible for paying; and

(4) any additional information required by the department.

(c) Financial assistance that the department provides under this section must be in the form of a grant issued to the broadband service provider. A grant issued under this section must not exceed $25,000 per line extension.

(d) Within 60 days of the date that the bidding period closes, the department must review the bids submitted and select the broadband service provider bids that request the least amount of financial support from the state, provided that the department determines that the selected bids represent a cost-effective expenditure of state resources.

Subd. 5. **Line extension agreement.** The department must enter into a line extension agreement with each winning bidder identified under subdivision 4, except that the department may not enter into a line extension agreement to serve any customer located within an area that will be served by a grant already awarded by the department under section 116J.395.

Subd. 6. **Contents of agreement.** A line extension agreement under subdivision 5 must contain the following terms:

(1) the broadband service provider agrees to extend broadband infrastructure to support broadband service scalable to speeds of at least 100 megabits per second download and 100 megabits per second upload to each address included in the broadband service provider's winning bid;

(2) the department agrees to pay the state's portion of the line extension cost in a grant issued to the broadband service provider upon the completion of the broadband infrastructure extension to each address in the broadband service provider's winning bid; and

(3) the winning bidder has an exclusive right to apply the grant to the cost of the broadband infrastructure extension for a period of one year after the date that the agreement is executed.

**History:** *2022 c 95 art 5 s 1*

**116J.3952 LOWER POPULATION DENSITY GRANT PROGRAM.**

Subdivision 1. **Establishment.** A lower population density grant program is established in the Department of Employment and Economic Development. The purpose of the lower population density grant program is to provide broadband service to unserved and underserved areas of the state where a 50 percent match formula is not adequate to make a business case for the extension of broadband facilities.

Subd. 2. **Grants.** Grants awarded under this section may fund up to 75 percent of the total cost of a project and must otherwise adhere to section 116J.395, subdivisions 1 to 6 and subdivision 7, paragraph (b).

**History:** *2023 c 43 art 3 s 4*

**116J.396 BORDER-TO-BORDER BROADBAND FUND.**

Subdivision 1. **Account established.** The border-to-border broadband fund account is established as a separate account in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund, but remain in the account until expended. The commissioner shall manage the account.

Subd. 2. **Expenditures.** Money in the account may be used only:

(1) for grant awards made under sections 116J.395 to 116J.3952, including costs incurred by the Department of Employment and Economic Development to administer that section;

(2) to supplement revenues raised by bonds sold by local units of government for broadband infrastructure development; or

(3) to contract for the collection of broadband deployment data from providers and the creation of maps showing the availability of broadband service.

Subd. 3. **Appropriation.** Money in the account is appropriated to the commissioner for the purposes of subdivision 2.

Subd. 4. **Transfer.** The commissioner may transfer up to $5,000,000 of a fiscal year appropriation between the border-to-border broadband program, low density population broadband program, and the broadband line extension program to meet demand. The commissioner must inform the chairs and ranking minority members of the legislative committees with jurisdiction over broadband finance in writing when this transfer authority is used. The written notice must include how much money was transferred and why

the transfer was made. The written notice must also be filed with the Legislative Reference Library in compliance with Minnesota Statutes, section 3.195.

**History:** *2014 c 312 art 3 s 4; 2022 c 95 art 5 s 2; 2023 c 43 art 3 s 5; 2024 c 126 art 3 s 1; 2024 c 127 art 39 s 1*

**116J.397 UPDATED BROADBAND DEPLOYMENT DATA AND MAPS.**

(a) Beginning in 2016 and continuing each year thereafter, the Office of Broadband Development shall contract with one or more independent organizations that have extensive experience working with Minnesota broadband providers to:

(1) collect broadband deployment data from Minnesota providers, verify its accuracy through on-the-ground testing, and create state and county maps available to the public by April 15, 2017, and each April 15 thereafter, showing the availability of broadband service at various upload and download speeds throughout Minnesota;

(2) analyze the deployment data collected to help inform future investments in broadband infrastructure; and

(3) conduct business and residential surveys that measure broadband adoption and use in the state.

(b) Data provided by a broadband provider under this section is nonpublic data under section 13.02, subdivision 9. Maps produced under this paragraph are public data under section 13.03.

**History:** *2016 c 189 art 5 s 7*

**116J.398 BROADBAND PREVAILING WAGE EXEMPTION.**

Notwithstanding any other law to the contrary, section 116J.871 does not apply to a project receiving a grant under section 116J.395 for the construction, installation, remodeling, and repair of last-mile infrastructure, as defined under section 116J.394, paragraph (e).

**History:** *2016 c 189 art 5 s 8*

**116J.399 BROADBAND EASEMENTS.**

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

(1) "broadband infrastructure" has the meaning given in section 116J.394, paragraph (c);

(2) "broadband service" has the meaning given in section 116J.394, paragraph (b); and

(3) "provider" means a broadband service provider, but does not include an electric cooperative association organized under chapter 308A that provides broadband service.

Subd. 2. **Use of existing easements for broadband services.** (a) A provider, provider's affiliate, or another entity that has entered into an agreement with a provider may use the provider, affiliate, or entity's existing or subsequently acquired easements to install broadband infrastructure and provide broadband service, which may include an agreement to lease fiber capacity.

(b) Before exercising rights granted under this subdivision, a provider must provide notice to the property owner on which the easement is located, as described in subdivision 3.

(c) Use of an easement to install broadband infrastructure and provide broadband service vests and runs with the land beginning six months after the first notice is provided under subdivision 3, unless a court action challenging the use of the easement has been filed before that time by the property owner as provided under subdivision 4. The provider must also file copies of the notices with the county recorder.

Subd. 3. **Notice to property owner.** (a) A provider must send two written notices to impacted property owners declaring that the provider intends to use the easements to install broadband infrastructure and provide broadband service. The notices must be sent at least two months apart and must be sent by first class mail to the last known address of the owner of the property on which the easement is located or, if the property owner is an existing customer of the provider, by separate printed insertion in the property owner's monthly invoice or included as a separate page on a property owner's electronic invoice.

(b) The notice must include:

(1) the provider's name and mailing address;

(2) a narrative describing the nature and purpose of the intended easement use;

(3) a description of any trenching or other underground work expected to result from the intended use, and the anticipated time frame for the work;

(4) a phone number for an employee of the provider that the property owner may contact regarding the easement; and

(5) the following statement, in bold red lettering: "It is important to make any challenge by the deadline to preserve any legal rights you may have."

(c) The provider must file copies of the notices with the county recorder.

Subd. 4. **Action for damages.** (a) Notwithstanding any other law to the contrary, this subdivision governs an action under this section and is the exclusive means to bring a claim for compensation with respect to a notice of intent to use a provider's existing easement to install broadband infrastructure and provide broadband service.

(b) Within six months after the date notice is received under subdivision 3, a property owner may file an action seeking to recover damages for a provider's use of an existing easement to install broadband infrastructure and provide broadband service. Claims for damages under $15,000 may be brought in conciliation court.

(c) To initiate an action under this subdivision, a property owner must serve a complaint upon the provider in the same manner as in a civil action and must file the complaint with the district court for the county in which the easement is located. The complaint must state whether the property owner:

(1) challenges the provider's right to use the easement for broadband services or infrastructure as provided under subdivision 5, paragraph (a);

(2) seeks damages as provided under subdivision 5, paragraph (b); or

(3) seeks to proceed under both clauses (1) and (2).

Subd. 5. **Deposit and hearing required.** (a) If a property owner files a complaint challenging a provider's right to use an easement to install broadband infrastructure and provide broadband service, after the provider answers the complaint, the district court must promptly hold a hearing on the complaint. If the district court

denies the property owner's complaint, the provider may proceed to use the easement to install broadband infrastructure and provide broadband service, unless the complaint also seeks damages. If the complaint seeks damages, the provider may proceed under paragraph (b).

(b) If a property owner files a claim for damages, a provider may, after answering the complaint, deposit with the court administrator an amount equal to the provider's estimate of damages. A provider's estimate of damages must be no less than $1. After the estimated damages are deposited, the provider may use the existing easement to install broadband infrastructure and provide broadband service, conditioned on an obligation, filed with the court administrator, to pay the amount of damages determined by the court.

Subd. 6. **Calculation of damages; burden of proof.** (a) In an action under this section involving a property owner's claim for damages:

(1) the property owner has the burden to prove the existence and amount of any net reduction in the fair market value of the property, considering the existence, installation, construction, maintenance, modification, operation, repair, replacement, or removal of broadband infrastructure in the easement, adjusted to reflect any increase in the property's fair market value resulting from access to broadband service;

(2) a court is prohibited from awarding consequential or special damages; and

(3) evidence of estimated revenue, profits, fees, income, or similar benefits accruing to the provider, the provider's affiliate, or a third party as a result of use of the easement is inadmissible.

(b) Any fees or costs incurred as a result of an action under this subdivision must be paid by the party that incurred the fees or costs, except that a provider is responsible for a property owner's attorney fees if the final judgment or award of damages by the court exceeds 140 percent of the provider's damage deposit made under subdivision 5, if applicable.

Subd. 7. **No limits on existing easement.** Nothing in this section limits in any way a provider's existing easement rights.

Subd. 8. **Local governmental right-of-way management preserved.** The placement of broadband infrastructure to provide broadband service under subdivisions 2 to 7 is subject to local government permitting and right-of-way management authority under section 237.163, and must be coordinated with the relevant local government unit in order to minimize potential future relocations. The provider must notify a local government unit prior to placing infrastructure for broadband service in an easement that is in or adjacent to the local government unit's public right-of-way.

Subd. 9. **Railroad rights-of-way crossing.** The placement of broadband infrastructure for use to provide broadband service under subdivisions 1 to 7 or section 308A.201, subdivision 12, in any portion of an existing easement located in a railroad right-of-way is subject to sections 237.04 and 237.045.

**History:** *2022 c 95 art 5 s 3*

**116J.40** [Renumbered 116K.01]

## GENERAL

### 116J.401 DESIGNATION; DUTIES; DATA.

Subdivision 1. **State agency.** The commissioner of employment and economic development is designated the "state agency" as defined by United States Code, title 29, section 49c, the Wagner-Peyser Act, as amended.

Subd. 2. **Duties; authorizations; limitations.** (a) The commissioner of employment and economic development shall:

(1) provide regional development commissions, the Metropolitan Council, and units of local government with information, technical assistance, training, and advice on using federal and state programs;

(2) receive and administer the Small Cities Community Development Block Grant Program authorized by Congress under the Housing and Community Development Act of 1974, as amended;

(3) receive and administer the section 107 technical assistance program grants authorized by Congress under the Housing and Community Development Act of 1974, as amended;

(4) receive, administer, and supervise other state and federal grants and grant programs for planning, community affairs, community development purposes, employment and training services, and other state and federal programs assigned to the department by law or by the governor in accordance with section 4.07;

(5) receive applications for state and federal grants and grant programs for planning, community affairs, and community development purposes, and other state and federal programs assigned to the department by law or by the governor in accordance with section 4.07;

(6) act as the agent of, and cooperate with, the federal government in matters of mutual concern, including the administration of any federal funds granted to the state to aid in the performance of functions of the commissioner;

(7) provide consistent, integrated employment and training services across the state;

(8) administer the Wagner-Peyser Act, the Workforce Investment Act, and other federal employment and training programs;

(9) establish the standards for all employment and training services administered under this chapter and chapters 116L, 248, 268, and 268A;

(10) administer the aspects of the Minnesota family investment program, general assistance, and the Supplemental Nutrition Assistance Program (SNAP) that relate to employment and training services, subject to the contract under section 116L.86, subdivision 1;

(11) obtain reports from local service units and service providers for the purpose of evaluating the performance of employment and training services;

(12) as requested, certify employment and training services, and decertify services that fail to comply with performance criteria according to standards established by the commissioner;

(13) develop standards for the contents and structure of the local service unit plans and plans for Indian Tribe employment and training services, review and comment on those plans, and approve or disapprove the plans;

(14) supervise the county boards of commissioners, local service units, and any other units of government designated in federal or state law as responsible for employment and training programs;

(15) establish administrative standards and payment conditions for providers of employment and training services;

(16) enter into agreements with Indian Tribes as necessary to provide employment and training services as appropriate funds become available;

(17) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;

(18) administer and supervise all forms of unemployment insurance provided for under federal and state laws;

(19) provide current state and substate labor market information and forecasts, in cooperation with other agencies;

(20) require all general employment and training programs that receive state funds to make available information about opportunities for women in nontraditional careers in the trades and technical occupations;

(21) consult with the Rehabilitation Council for the Blind on matters pertaining to programs and services for the blind and visually impaired;

(22) enter into agreements with other departments of the state and local units of government as necessary;

(23) establish and maintain administrative units necessary to perform administrative functions common to all divisions of the department;

(24) investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;

(25) locate markets for manufacturers and processors and aid merchants in locating and contacting markets;

(26) as necessary or useful for the proper execution of the powers and duties of the commissioner in promoting and developing Minnesota business, industry, and commerce, both within and outside the state, investigate and study conditions affecting Minnesota business, industry, and commerce; collect and disseminate information; and engage in technical studies, scientific investigations, statistical research, and educational activities;

(27) plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state;

(28) compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;

(29) conduct or encourage research designed to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;

(30) study trends and developments in the industries of the state and analyze the reasons underlying the trends;

(31) study costs and other factors affecting successful operation of businesses within the state;

(32) make recommendations regarding circumstances promoting or hampering business and industrial development;

(33) serve as a clearing house for business and industrial problems of the state;

(34) advise small business enterprises regarding improved methods of accounting and bookkeeping;

(35) cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;

(36) cooperate with other state departments and with boards, commissions, and other state agencies in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as the use, conservation, and development may be appropriately directed or influenced by a state agency;

(37) in connection with state, county, and municipal public works projects, assemble and coordinate information relative to the status, scope, cost, and employment possibilities and availability of materials, equipment, and labor, and recommend limitations on the public works;

(38) gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment;

(39) inquire into and report to the governor, when requested by the governor, with respect to any program of public state improvements and its financing; and request and obtain information from other state departments or agencies as may be needed for the report;

(40) study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

(41) confer and cooperate with the executive, legislative, or planning authorities of the United States, neighboring states and provinces, and the counties and municipalities of neighboring states, for the purpose of bringing about a coordination between the development of neighboring provinces, states, counties, and municipalities and the development of this state;

(42) generally gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state, with authority to call upon other state departments for statistical data and results obtained by them and to arrange and compile that statistical information in a reasonable manner;

(43) publish documents and annually convene regional meetings to inform businesses, local government units, assistance providers, and other interested persons of changes in state and federal law related to economic development;

(44) annually convene conferences of providers of economic development-related financial and technical assistance for the purposes of exchanging information on economic development assistance, coordinating economic development activities, and formulating economic development strategies;

(45) provide business with information on the economic benefits of energy conservation and on the availability of energy conservation assistance;

(46) as part of the biennial budget process, prepare performance measures for each business loan or grant program within the jurisdiction of the commissioner. Measures include source of funds for each program, number of jobs proposed or promised at the time of application and the number of jobs created, estimated number of jobs retained, the average salary and benefits for the jobs resulting from the program, and the number of projects approved;

(47) provide a continuous program of education for business people;

(48) publish, disseminate, and distribute information and statistics;

(49) promote and encourage the expansion and development of markets for Minnesota products;

(50) promote and encourage the location and development of new businesses in the state as well as the maintenance and expansion of existing businesses and for that purpose cooperate with state and local agencies and individuals, both within and outside the state;

(51) advertise and disseminate information as to natural resources, desirable locations, and other advantages for the purpose of attracting businesses to locate in this state;

(52) aid the various communities in this state in attracting business to their communities;

(53) advise and cooperate with municipal, county, regional, and other planning agencies and planning groups within the state for the purpose of promoting coordination between the state and localities as to plans and development in order to maintain a high level of gainful employment in private profitable production and achieve commensurate advancement in social and cultural welfare;

(54) coordinate the activities of statewide and local planning agencies, correlate information secured from them and from state departments and disseminate information and suggestions to the planning agencies;

(55) encourage and assist in the organization and functioning of local planning agencies where none exist; and

(56) adopt measures calculated to promote public interest in and understanding of the problems of planning and, to that end, may publish and distribute copies of any plan or any report and may employ other means of publicity and education that will give full effect to the provisions of sections 116J.60 to 116J.63.

(b) At the request of any governmental subdivision in paragraph (a), clause (53), the commissioner may provide planning assistance, which includes but is not limited to surveys, land use studies, urban renewal plans, technical services and other planning work to any city or other municipality in the state or perform similar planning work in any county or metropolitan or regional area in the state. The commissioner must not perform the planning work with respect to a metropolitan or regional area which is under the jurisdiction for planning purposes of a county, metropolitan, regional, or joint planning body, except at the request or with the consent of the respective county, metropolitan, regional, or joint planning body.

(c) The commissioner is authorized to:

(1) receive and expend money from municipal, county, regional, and other planning agencies;

(2) accept and disburse grants and other aids for planning purposes from the federal government and from other public or private sources;

(3) utilize money received under clause (2) for the employment of consultants and other temporary personnel to assist in the supervision or performance of planning work supported by money other than state-appropriated money;

(4) enter into contracts with agencies of the federal government, units of local government or combinations thereof, and with private persons that are necessary in the performance of the planning assistance function of the commissioner; and

(5) assist any local government unit in filling out application forms for the federal grants-in-aid.

(d) In furtherance of its planning functions, any city or town, however organized, may expend money and contract with agencies of the federal government, appropriate departments of state government, other local units of government, and with private persons.

Subd. 3. **Classification of data on individuals.** Data collected on individuals pursuant to a program operated by the commissioner are private data on individuals as defined in section 13.02, subdivision 12, unless more restrictively classified by law.

**History:** *1984 c 558 art 4 s 4; 1Sp1985 c 14 art 9 s 40; 1987 c 312 art 1 s 26; 1987 c 403 art 2 s 129,130; art 3 s 50; 1989 c 282 art 5 s 123,124; 1993 c 172 s 78; 1994 c 483 s 1; 1995 c 248 art 11 s 19; 1995 c 259 art 1 s 40; 1996 c 339 s 2,3; 1997 c 7 art 5 s 34; 1997 c 66 s 80; 1997 c 85 art 4 s 26; 1997 c 245 art 4 s 6; 1998 c 265 s 2; 1998 c 366 s 65; 1999 c 107 s 66; 1999 c 159 s 119; 2000 c 343 s 4; 2001 c 79 s 3; 2001 c 175 s 52; 1Sp2001 c 9 art 10 s 61; 2002 c 379 art 1 s 113; 1Sp2003 c 4 s 1; 1Sp2003 c 14 art 1 s 106; 2004 c 206 s 12,40,52; 2009 c 78 art 2 s 6; 2010 c 382 s 20; 1Sp2019 c 9 art 1 s 42*

**116J.4011 LABOR MARKET INFORMATION DATA PRODUCTION REQUIREMENT.**

(a) As part of the commissioner's obligation under section 116J.401, the commissioner must, in collaboration with the Office of Higher Education and local workforce councils, produce and publish labor market analysis describing the alignment between employer requirements and workforce qualifications.

(b) The analysis must include a description of job trends that supports career choice and job seeking including:

(1) measures of current job growth, projected future job growth, and current job vacancies;

(2) a breakdown of these measures, whenever feasible, by industry, occupation, statewide and substate region, by educational requirement, state employee retirement trends, and by racial trends;

(3) a description of industry- or occupation-based credentials and minimum educational standards necessary for successful employment in each area; and

(4) a designation of areas of opportunity based on high growth, high vacancy, and high pay conditions.

(c) The analysis must include a description of workforce supply and quality, including:

(1) a description of the current educational attainment of the workforce and its distribution across industries, occupations, and regions;

(2) the number and distribution of recent graduates of and current enrollees in postsecondary institutions by academic concentration or major and by credential type; and

(3) the completion rate, employment outcome, and average debt for recent postsecondary graduates by program of study, institution type, and credential.

(d) The analysis must be reviewed on a regular basis by representatives from the business and postsecondary sectors, and any feedback should be incorporated into data collection and presentation where feasible. This feedback may also include surveys of employers on their skill, credential, and other workforce requirements when necessary.

(e) Analysis, data, and reports required by this section must be easily accessible, easily readable, and prominently presented on the Department of Employment and Economic Development website and websites of workforce centers. Information on job vacancies and areas of potential employment opportunities should

link to educational or credential requirements, appropriate training or educational offerings, prevailing wages, and other indicators of market conditions deemed important to career choosers and job seekers.

**History:** *2013 c 85 art 3 s 2*

**116J.402** MS 2008 [Repealed, 2009 c 78 art 2 s 44]

**116J.403 RULES.**

No money made available to the commissioner for the Small Cities Community Development Block Grant Program shall be spent for community development and related planning programs until the commissioner adopts rules prescribing standards and procedures to govern the expenditure. The rules must be adopted under the Administrative Procedure Act in chapter 14 and must conform with all terms and conditions imposed on the commissioner when the money is made available.

**History:** *1984 c 558 art 4 s 6; 1984 c 640 s 32; 1986 c 444; 1996 c 305 art 2 s 26*

**116J.404** MS 1986 [Repealed, 1987 c 312 art 1 s 25]

**116J.405** MS 1986 [Repealed, 1987 c 312 art 1 s 25]

**116J.406** MS 1992 [Repealed, 1993 c 172 s 93]

**116J.407 DAIRY MODERNIZATION.**

Subdivision 1. **Generally.** The commissioner shall make funds available to eligible regional or statewide development organizations defined under section 116J.8731 to be used for the purposes of this section.

Subd. 2. **Eligible expenditures.** Money may be used for loans for the acquisition, construction, or improvement of buildings or facilities, or the acquisition of equipment, for dairy animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to dairy animals:

(1) free-stall barns;

(2) fences;

(3) watering facilities;

(4) feed storage and handling equipment;

(5) milking parlors;

(6) robotic equipment;

(7) scales;

(8) milk storage and cooling facilities;

(9) bulk tanks;

(10) manure pumping and storage facilities;

(11) digesters;

(12) equipment used to produce energy;

(13) capital investment in pasture; and

(14) on-farm processing facilities.

Subd. 3. **Application process.** The commissioner of agriculture and the commissioner of employment and economic development shall establish a process by which an eligible dairy producer may make application for assistance under this section to the county in which the producer is located. The application must require the producer and county to provide information regarding the producer's existing business, the intended use of the requested funds, and other information the commissioners find necessary to evaluate the feasibility, likely success, and economic return of the project, and to ensure that money can be provided consistent with other state and federal laws.

**History:** *2004 c 254 s 24*

**116J.41** MS 1982 [Repealed, 1983 c 289 s 119]

## ECONOMIC DEVELOPMENT

### 116J.411 DEFINITIONS.

Subdivision 1. **Terms.** For the purposes of sections 116J.411 to 116J.415, the following terms have the meaning given them.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 2a. **Job enhancement.** "Job enhancement" means:

(1) an increase in wages, and an increase in the responsibility or skill level of job duties; or

(2) the provision of additional training or education for employees in existing jobs.

Subd. 3. MS 2002 [Repealed, 2003 c 128 art 13 s 40]

Subd. 4. **Low income.** "Low income" means equal to or below the nonmetropolitan median household income.

Subd. 5. **Principally.** "Principally" means more than half.

Subd. 6. **Regional organization.** "Regional organization" or "organization" means an organization selected under section 116J.415, subdivision 3.

Subd. 7. **Rural.** "Rural" means the area of Minnesota located outside of the metropolitan area as defined in section 473.121, subdivision 2.

**History:** *1987 c 312 art 1 s 26 subd 2; 1987 c 386 art 1 s 3; 1996 c 369 s 12; 2003 c 128 art 13 s 6; 1Sp2003 c 4 s 1*

### 116J.412 ACCOUNT ALLOCATION.

The commissioner shall allocate $6,000,000 from the rural rehabilitation account to be used for the challenge grant program.

**History:** *1987 c 312 art 1 s 26 subd 2; 1987 c 386 art 1 s 4; 1989 c 335 art 4 s 52; 1990 c 375 s 3; 1991 c 322 s 19; 1994 c 483 s 1; 1995 c 232 s 6; 1996 c 369 s 12*

**116J.413** MS 2008 [Repealed, 2009 c 78 art 2 s 44]

**116J.414** MS 2002 [Repealed, 2004 c 206 s 53]

**116J.415 CHALLENGE GRANT PROGRAM.**

Subdivision 1. **Organization.** The commissioner shall make challenge grants to regional organizations, for the purpose of providing financial assistance to encourage private investment, to provide jobs or job enhancement for low-income persons, and to promote economic development in the rural areas of the state.

Subd. 2. **Funding regions.** The commissioner shall divide the state outside of the metropolitan area as defined in section 473.121, subdivision 2, into six regions. A region's boundaries must be coterminous with the boundaries of one or more of the development regions established under section 462.385. The commissioner shall allocate all funds remaining in each regional subaccount of the rural rehabilitation account, as established under section 116J.955, to each respective regional organization. The money designated to each region must be used for assistance authorized in this section.

Subd. 3. **Selection of organizations to receive challenge grants.** The commissioner shall select at least one organization for each region to receive the challenge grants and shall enter into grant agreements with the organizations. An organization must be a nonprofit corporation and must demonstrate that:

(1) its board of directors includes citizens experienced in rural development, representatives of the regional development commissions, and representatives from all geographic areas in the region;

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

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

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

(5) it can establish and administer a revolving loan account.

Subd. 4. **Revolving fund.** A regional organization shall establish a commissioner certified revolving fund to promote economic development in rural Minnesota. Funds may be used to provide loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that the financial assistance must be for a principal amount that does not exceed one-half of the cost of the project for which financing is sought.

Subd. 5. **Assistance criteria.** Projects supported through the challenge grant program must be used principally to benefit low-income persons by:

(1) creating new jobs, job enhancement, or retaining existing jobs;

(2) increasing the local tax base;

(3) demonstrating that investment of public dollars induces private funds;

(4) providing higher wage levels to the community or adding value to current workforce skills;

(5) retaining existing business; or

(6) attracting out-of-state business.

Subd. 6. MS 2002 [Repealed, 2003 c 128 art 13 s 40]

Subd. 7. **Revolving fund administration.** Repayment amounts must be deposited in the regional revolving fund for further distribution by the regional organization, consistent with the loan criteria specified in subdivisions 4 and 5.

Subd. 8. **Rules.** The commissioner shall adopt rules to implement the duties specified in this section.

Subd. 9. MS 2002 [Repealed, 2003 c 128 art 13 s 40]

Subd. 10. MS 2002 [Repealed, 2003 c 128 art 13 s 40]

Subd. 11. **Reporting requirements.** An organization that receives a challenge grant shall:

(1) submit an annual report to the commissioner by August 30 for the preceding fiscal year that includes an account of loans made, written off, and fully paid during the calendar year, the source and amount of money collected and distributed by the regional revolving fund, and the funds' cash balance and loans receivable; and

(2) 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.

**History:** *1987 c 384 art 3 s 18; 1987 c 386 art 1 s 10; 1988 c 615 s 6; 1989 c 335 art 4 s 53,54,106; 1995 c 224 s 64-66; 1996 c 369 s 12; 1999 c 223 art 2 s 18; 2003 c 128 art 13 s 7-12*

**116J.417 GREATER MINNESOTA CHILD CARE FACILITY CAPITAL GRANT PROGRAM.**

Subdivision 1. **Purpose.** The purpose of the greater Minnesota child care facility capital grant program established in this section is to keep or enhance jobs, increase the tax base, or expand or create new economic development in the area in which the grants are made, by providing facilities for the child care necessary to support workers and their families.

Subd. 2. **Creation of accounts.** Two greater Minnesota child care facility capital grant accounts are created. One account is created in the general fund and one in the bond proceeds fund. Money in the accounts is appropriated to the commissioner to make grants under this section. Money in the greater Minnesota child care facility capital grant accounts is available until encumbered or spent subject to section 16A.642.

Subd. 3. **Eligible applicant.** (a) A city, county, or school district, or a joint powers board established by two or more cities, counties, or school districts is eligible to apply for and receive a grant from either greater Minnesota child care facility capital grant account established in this section.

(b) A private child care provider licensed as a child care center or to provide in-home family child care is eligible to apply for and receive a grant from the greater Minnesota child care facility capital grant account in the general fund.

(c) An applicant must be located outside of the metropolitan area as defined in section 473.121, subdivision 2.

Subd. 4. **Local government authority.** A city, county, or school district may own a child care facility and operate a child care facility program that meets the requirements for state licensing under Minnesota Rules, chapter 9503. A city, county, or school district may enter into a lease or management agreement with one or more licensed child care providers to operate a child care program in a facility owned by the city, county, or school district. A lease or management agreement for state bond-financed property is subject to section 16A.695.

Subd. 5. **Eligible project.** (a) A grant may be used to acquire land or an interest in land, predesign, design, renovate, construct, furnish, and equip facilities in which to provide child care or for other child care facility improvements that support the purposes for which this grant program is established. Money from the account in the general fund may also be used to upgrade or expand existing nonprofit child care facilities for purposes of meeting state requirements.

(b) All projects must increase child care capacity in the community that is served by the provider and meet all state requirements for child care facilities or programs.

Subd. 6. **Grants.** (a) The commissioner shall make grants to eligible applicants to provide up to 50 percent of the capital costs of eligible child care facility capital projects. An eligible applicant receiving a grant must provide for the remainder of the costs of the project, either in cash or in kind. In-kind contributions may include the cost of project elements made before or after the grant award is made.

(b) The commissioner may also distribute money from the general fund account through a regional organization within the meaning of section 15.75 to provide grants to eligible applicants based on the manner of application and criteria established by the commissioner.

(c) If the commissioner awards a grant for less than 50 percent of the project cost, the commissioner must provide the applicant and the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over economic development finance a written explanation for awarding less than 50 percent.

Subd. 7. **Application; criteria.** The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. An applicant shall apply for a grant in the manner and at the times the commissioner shall determine. At a minimum, an application must include:

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

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

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

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

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

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

(7) the feasibility study that shows the financial and operational sustainability of the project funded;

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

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

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

Subd. 9. MS 2024 [Repealed, 1Sp2025 c 15 art 2 s 12]

**History:** *5Sp2020 c 3 art 5 s 4; 2023 c 72 art 3 s 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;

(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.

**History:** *2023 c 53 art 15 s 1*

**116J.42** Subdivision 1. [Renumbered 116K.04, subdivision 1]

Subd. 2. [Renumbered 116K.04, subd 2]

Subd. 3. MS 1982 [Repealed, 1983 c 289 s 119]

Subd. 4. [Renumbered 116K.04, subd 3]

Subd. 5. MS 1982 [Repealed, 1983 c 289 s 119]

Subd. 6. MS 1982 [Repealed, 1983 c 289 s 119]

Subd. 7. [Renumbered 116K.04, subd 4]

Subd. 8. [Renumbered 116K.04, subd 5]

Subd. 9. [Renumbered 116J.404]

**116J.421 RURAL POLICY AND DEVELOPMENT CENTER.**

Subdivision 1. **Established.** (a) The Rural Policy and Development Center is established at Mankato State University. The center may be established by the board as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code or the board may organize and operate the center in a manner and form that the board determines best allows the center to carry out its duties.

(b) If the board organizes the center as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code, staff of the center may participate in state insurance plans that apply to state employees generally, and are subject to regulation by the state Campaign Finance and Public Disclosure Board.

Subd. 2. **Governance.** The center is governed by a board of directors appointed to six-year terms by the governor comprised of:

(1) a representative from each of the two largest statewide general farm organizations;

(2) a representative from a regional initiative organization selected under section 116J.415, subdivision 3;

(3) the president of Mankato State University;

(4) a representative from the general public residing in a town of less than 5,000 located outside of the metropolitan area;

(5) a member of the house of representatives appointed by the speaker of the house and a member of the senate appointed by the subcommittee on committees of the senate committee on rules and administration appointed for two-year terms;

(6) three representatives from business, including one representing rural manufacturing and one rural retail and service business;

(7) three representatives from private foundations with a demonstrated commitment to rural issues;

(8) one representative from a rural county government; and

(9) one representative from a rural regional government.

The board shall appoint one additional member to the board of directors who shall represent the general public.

If the board concludes at any time that the composition of the board does not adequately reflect the ethnic and gender diversity of rural Minnesota, the board may appoint up to four additional members in order to better reflect this diversity. Members appointed by the board under this paragraph shall serve six-year terms. The board may not appoint additional members such that the board would have a total of more than 20 members.

Subd. 3. **Duties.** The center shall:

(1) research and identify present and emerging social and economic issues for rural Minnesota, including health care, transportation, crime, housing, and job training;

(2) forge alliances and partnerships with rural communities to find practical solutions to economic and social problems;

(3) provide a resource center for rural communities on issues of importance to them;

(4) encourage collaboration across higher education institutions to provide interdisciplinary team approaches to problem solving with rural communities;

(5) involve students in center projects; and

(6) submit to the legislature a report on the "State of Rural Minnesota" no later than March 1 in each odd-numbered year.

Subd. 4. **Statewide focus.** The center has a statewide mission. It may contract and collaborate with higher education and other institutions located throughout the state.

Subd. 5. **Powers.** The board has the power to do all things reasonable and necessary to carry out the duties of the center including, without limitation, the power to:

(1) enter into contracts for goods or services with individuals and private and public entities;

(2) sue and be sued;

(3) acquire, hold, lease, and transfer any interest in real and personal property;

(4) accept appropriations, gifts, grants, and bequests;

(5) hire employees; and

(6) delegate any of its powers.

Subd. 6. **Use of appropriation.** State appropriations to the board, whether from the general fund or the rural policy and development fund, may, at the discretion of the board, be expended for administration of the center and to carry out its duties under this section or under other law.

Subd. 7. **Board compensation.** Compensation and expense reimbursement of board members is as provided in section 15.0575, subdivision 3.

**History:** *1997 c 200 art 1 s 51; 1Sp1998 c 1 art 3 s 18,19; 1999 c 223 art 2 s 19-22; 2000 c 488 art 2 s 5; 2001 c 86 s 1; 2006 c 281 art 4 s 5*

**116J.422** MS 2012 [Repealed, 2014 c 271 art 1 s 3]

**116J.4221 RURAL POLICY AND DEVELOPMENT CENTER FUND.**

(a) A rural policy and development center fund is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. The State Board of Investment shall ensure that account money is invested under section 11A.24. All money earned by the account must be credited to the account. The principal of the account and any unexpended earnings must be invested and reinvested by the State Board of Investment.

(b) Gifts and donations, including land or interests in land, may be made to the account. Noncash gifts and donations must be disposed of for cash as soon as the board prudently can maximize the value of the gift or donation. Gifts and donations of marketable securities may be held or be disposed of for cash at the option of the board. The cash receipts of gifts and donations of cash or capital assets and marketable securities disposed of for cash must be credited immediately to the principal of the account. The value of marketable securities at the time the gift or donation is made must be credited to the principal of the account and any earnings from the marketable securities are earnings of the account. The earnings in the account are annually appropriated to the board of the Center for Rural Policy and Development to carry out the duties of the center.

**History:** *2017 c 94 art 6 s 1*

**116J.423 MINNESOTA 21ST CENTURY FUND.**

Subdivision 1. **Created.** The Minnesota 21st century fund 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, and earnings on investments must be credited to the account. For the purpose of this section, "fund" means the Minnesota 21st century fund. The commissioner shall operate the account as a revolving account.

Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans, including forgivable loans, equity investments, or grants for infrastructure in mineral, steel, or any other industry processing, production, manufacturing, or technology project that would enhance the economic diversification and that is located within the taconite assistance area as defined under section 273.1341. The commissioner must, prior to making any loans or equity investments and after consultation with industry and public officials, develop a strategy for making loans, equity investments, or grants for infrastructure that assists the taconite assistance area in retaining and enhancing its economic competitiveness. Money in the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

Subd. 2a. **Grants authorized.** Notwithstanding subdivision 2, the commissioner may use money in the fund to make grants to a municipality or county, or to a county regional rail authority as appropriate, for public infrastructure needed to support an eligible project under this section. Grant money may be used by the municipality, county, or regional rail authority to acquire right-of-way and mitigate loss of wetlands and runoff of stormwater; to predesign, design, construct, and equip roads and rail lines; 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. Grants made under this subdivision are available until expended.

Subd. 3. **Requirements prior to committing funds.** The commissioner, prior to making a commitment for a loan or equity investment must, at a minimum, conduct due diligence research regarding the proposed loan or equity investment, including contracting with professionals as needed to assist in the due diligence.

Subd. 4. **Requirements for fund disbursements.** The commissioner may make conditional commitments for loans or equity investments but disbursements of funds pursuant to a commitment may not be made until commitments for the remainder of a project's funding are made that are satisfactory to the commissioner and disbursements made from the other commitments sufficient to protect the interests of the state in its loan or investment.

Subd. 5. **Company contribution.** The commissioner may provide loans or equity investments that match, in a proportion determined by the commissioner, an investment made by the owner of a facility.

**History:** *1999 c 223 art 2 s 23; 1Sp2003 c 4 s 1; 2008 c 179 s 38; 2014 c 312 art 3 s 5; 2016 c 189 art 7 s 14; 2017 c 94 art 7 s 9*

**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;

(3) identify and support implementation of programs and strategies to reduce employment barriers for immigrants and refugees, including the creation of alternative employment pathways;

(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;

(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;

(7) coordinate and establish best practices for language access initiatives to all state agencies after soliciting input from Minnesota's ethnic councils;

(8) convene stakeholders to further the objectives identified in subdivision 1;

(9) make policy recommendations to the governor on issues impacting immigrants and refugees after soliciting input from Minnesota's ethnic councils;

(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;

(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;

(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) promulgate rules necessary to implement and effectuate this section;

(14) provide an annual report, as required by subdivision 3;

(15) perform any other activities consistent with the office's purpose; and

(16) administer any grant program or other appropriation to the office.

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;

(9) the Office of Higher Education;

(10) the Department of Public Safety;

(11) the Department of Corrections;

(12) the Council on Asian Pacific Minnesotans;

(13) the Council for Minnesotans of African Heritage; and

(14) the Minnesota Council on Latino Affairs.

(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:

(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.

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.

**History:** *2023 c 53 art 15 s 2*

**116J.424 IRON RANGE RESOURCES AND REHABILITATION CONTRIBUTION.**

The commissioner of Iron Range resources and rehabilitation, after consultation with the Iron Range Resources and Rehabilitation Board, may provide an equal match for any loan or equity investment made for a project located in the taconite assistance area defined in section 273.1341, by the Minnesota 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the commissioner of Iron Range resources and rehabilitation and the commissioner of Iron Range resources and rehabilitation, after consultation with the advisory board, shall have sole discretion to decide what interest the fund acquires in a project. The commissioner of employment and economic development may require a commitment from the commissioner of Iron Range resources and rehabilitation to make the match prior to disbursing money from the fund.

**History:** *1999 c 223 art 2 s 24; 1Sp2001 c 5 art 6 s 1; 1Sp2003 c 4 s 1; 2009 c 78 art 7 s 1; 2013 c 3 s 1; 2016 c 189 art 7 s 15; 2017 c 94 art 7 s 10*

**116J.43** [Renumbered 116K.05]

**116J.431 GREATER MINNESOTA BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE GRANT PROGRAM.**

Subdivision 1. **Grant program established; purpose.** (a) The commissioner shall make grants to counties or cities to provide up to 50 percent of the capital costs of public infrastructure necessary for an eligible economic development project. The county or city receiving a grant must provide for the remainder of the costs of the project, either in cash or in kind. In-kind contributions may include the value of site preparation other than the public infrastructure needed for the project.

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

(c) In awarding grants under this section, the commissioner must adhere to the criteria under subdivision 4.

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

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

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

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

(d) "Public infrastructure" means publicly owned physical infrastructure necessary to support economic development projects, including, but not limited to, sewers, water supply systems, utility extensions, streets, wastewater treatment systems, stormwater management systems, and facilities for pretreatment of wastewater to remove phosphorus.

Subd. 2. **Eligible projects.** (a) An economic development project for which a county or city may be eligible to receive a grant under this section includes:

(1) manufacturing;

(2) technology;

(3) warehousing and distribution;

(4) research and development;

(5) agricultural processing, defined as transforming, packaging, sorting, or grading livestock or livestock products or plants and plant-based products into goods that are used for intermediate or final consumption, including goods for nonfood use; or

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

(b) Up to 15 percent of the development of a project may be for a purpose that is not included under this subdivision as an eligible project. A city or county must provide notice to the commissioner for the commissioner's approval of the proposed project.

Subd. 3. **Ineligible projects.** Projects, including but not limited to the following types, are ineligible for a grant under this section:

(1) retail development; or

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

Subd. 3a. **Development restrictions expiration.** After ten years from the date of the grant award under this section, if an eligible project for which the public infrastructure was intended has not been developed, any other lawful project may be developed and supported by the public infrastructure. The city or county must notify the commissioner of the project.

Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a county or city must include in its application a resolution of the county or city council certifying that the required local match is available. The commissioner must evaluate complete applications for eligible projects using the following criteria:

(1) the project is an eligible project as defined under subdivision 2;

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

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

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

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

Subd. 5. MS 2008 [Repealed, 2009 c 78 art 2 s 44]

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

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

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

**History:** *2002 c 393 s 46; 2009 c 78 art 2 s 7-11; 2016 c 189 art 7 s 16-19; 1Sp2021 c 10 art 2 s 2-4; 1Sp2025 c 6 art 4 s 1*

**116J.433** MS 2014 [Expired, 2012 c 293 s 33]

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

Subdivision 1. **Creation of account.** (a) An innovative business development public infrastructure account is created in the bond proceeds fund. Money in the account may only be used for capital costs of public infrastructure for eligible innovative business development projects.

(b) An innovative business development public infrastructure account is created in the general fund. The account consists of funds as provided by law and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended on a project receiving financial assistance as provided under this section.

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

(1) "local governmental unit" means a county, city, town, special district, public higher education institution, or other political subdivision or public corporation;

(2) "governing body" means the council, board of commissioners, board of trustees, board of regents, or other body charged with governing a local governmental unit;

(3) "public infrastructure" means publicly owned physical infrastructure in this state, including, but not limited to, wastewater collection and treatment systems, drinking water systems, storm sewers, utility extensions, telecommunications infrastructure, streets, roads, bridges, parking ramps, facilities that support basic science technology and clinical research, and research infrastructure;

(4) "innovative business" means a business that is engaged in, or is committed to engage in, innovation in Minnesota in one of the following: using proprietary technology to add value to a product, process, or service in a high technology field; researching or developing a proprietary product, process, or service in a high technology field; researching, developing, or producing a new proprietary technology for use in the fields of tourism, forestry, mining, transportation, or green manufacturing;

(5) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

(6) "eligible project" means an innovative business development capital improvement project in this state, including: manufacturing; technology; warehousing and distribution; research and development;

innovative business incubator; agricultural processing; or industrial, office, or research park development that would be used by an innovative business.

Subd. 3. **Grant program established.** (a) The commissioner shall make grants to local governmental units to acquire and prepare land on which public infrastructure required to support an eligible project will be located and to construct, furnish, and equip public infrastructure required to support an eligible project. The local governmental unit receiving a grant must provide for the remainder of the public infrastructure costs from other sources.

(b) The amount of a grant may not exceed 50 percent of the sum of the cost of the public infrastructure project.

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

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

(1) the project is an eligible project as defined under subdivision 2;

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

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

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

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

Subd. 5. MS 2022 [Repealed, 2024 c 120 art 6 s 3]

Subd. 6. **Cancellation of grant.** If a grant is awarded to a local governmental unit and funds are not encumbered for the grant within four years after the award date, the grant must be canceled.

Subd. 7. **Repayment of grant.** If an eligible project supported by public infrastructure funded with a grant awarded under this section is not occupied by an innovative business in accordance with the grant application under subdivision 4 within five years after the date of the last grant payment, the grant recipient must repay the amount of the grant received. The commissioner must deposit all money received under this subdivision into the state treasury and credit it to the debt service account in the state bond fund if the grant was funded with state general obligation bond proceeds or to the general fund if the grant was funded with money from the general fund.

**History:** *2006 c 258 s 34; 2009 c 35 s 1,2; 2009 c 78 art 2 s 12; 2010 c 189 s 39; 2023 c 71 art 2 s 3,4; 2024 c 120 art 6 s 1,2*

**116J.436 TRANSPORTATION ECONOMIC DEVELOPMENT INFRASTRUCTURE PROGRAM.**

Subdivision 1. **Grant program established; purpose.** The transportation economic development infrastructure program is created to foster interagency coordination between the Departments of Transportation and Employment and Economic Development to finance infrastructure to create economic development opportunities, jobs, and improve all types of transportation systems statewide.

Subd. 2. **Eligible projects.** Funds appropriated for the program must be used to fund predesign, design, acquisition of land, construction, reconstruction, and infrastructure improvements that will promote economic development, increase employment, and improve transportation systems to accommodate private investment and job creation.

Subd. 3. **Trunk highway projects.** Money in the program shall not be used on trunk highway improvements, but can be used for needed infrastructure improvements and nontrunk highway improvements in coordination with trunk highway improvement projects undertaken by the Department of Transportation.

Subd. 4. **Application.** The commissioners of transportation and employment and economic development shall design an application process and selection process to distribute funding to local units of government for publicly owned infrastructure using criteria that take into account: job creation; increase in local tax base; level of private investment; leverage of nonstate funds; improvement to the transportation system to serve the project area; and appropriate geographic balance between the metropolitan area and greater Minnesota.

**History:** *2012 c 293 s 34*

**116J.437 COORDINATING ECONOMIC DEVELOPMENT AND ENVIRONMENTAL POLICY.**

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

(b) "Green economy" means products, processes, methods, technologies, or services intended to do one or more of the following:

(1) increase the use of energy from renewable sources, including through achieving the renewable energy standard established in section 216B.1691;

(2) achieve the statewide energy-savings goal established in section 216B.2401, including energy savings achieved by the conservation investment program under section 216B.241;

(3) achieve the greenhouse gas emission reduction goals of section 216H.02, subdivision 1, including through reduction of greenhouse gas emissions, as defined in section 216H.01, subdivision 2, or mitigation of the greenhouse gas emissions through, but not limited to, carbon capture, storage, or sequestration;

(4) monitor, protect, restore, and preserve the quality of surface waters, including actions to further the purposes of the Clean Water Legacy Act as provided in section 114D.10, subdivision 1;

(5) expand the use of biofuels, including by expanding the feasibility or reducing the cost of producing biofuels or the types of equipment, machinery, and vehicles that can use biofuels, including activities to achieve the petroleum replacement goal in section 239.7911; or

(6) increase the use of green chemistry, as defined in section 116.9401.

For the purpose of clause (3), "green economy" includes strategies that reduce carbon emissions, such as utilizing existing buildings and other infrastructure, and utilizing mass transit or otherwise reducing commuting for employees.

Subd. 2. **Coordinating economic development and environmental policy.** The commissioner and the Jobs Skills Partnership Board shall cooperate to promote job training that complements green economy business development.

**History:** *2008 c 356 s 3; 2010 c 347 art 1 s 1; 2010 c 361 art 5 s 4; 2013 c 114 art 2 s 53*

**116J.438 MINNESOTA GREEN ENTERPRISE ASSISTANCE.**

(a) The commissioner of employment and economic development, in consultation with the commissioner of commerce, shall lead a multiagency project to advise, promote, market, and coordinate state agency collaboration on green enterprise and green economy projects, as defined in section 116J.437. The multiagency project must include the commissioners of employment and economic development, natural resources, agriculture, transportation, and commerce and the Pollution Control Agency. The project must involve collaboration with the chairs and ranking minority members of legislative committees overseeing energy policy and energy finance, state agencies, local governments, representatives from business and agriculture, and other interested stakeholders. The objective of the project is to utilize existing state resources to expedite the delivery of grants, licenses, permits, and other state authorizations and approvals for green economy projects. The commissioner shall appoint a lead person to coordinate green enterprise assistance activities.

(b) The commissioner of employment and economic development shall seek out and may select persons from the business community to assist the commissioner in project activities.

(c) The commissioner may accept gifts, contributions, and in-kind services for the purposes of this section, under the authority provided in section 116J.035, subdivision 1. Any funds received must be placed in a special revenue account for the purposes of this section.

**History:** *2009 c 37 art 2 s 7; 2009 c 78 art 2 s 13*

**116J.439** MS 2022 [Repealed, 2024 c 120 art 2 s 14]

**116J.44** [Renumbered 116K.06]

**116J.45** [Renumbered 116K.07]

**116J.46** MS 1982 [Repealed, 1983 c 289 s 119]

**116J.47** MS 1982 [Repealed, 1983 c 289 s 119]

**116J.48** [Renumbered 116K.08]

**116J.49** [Renumbered 116K.09]

**116J.50** [Renumbered 116K.10]

**116J.51** [Renumbered 116K.11]

**116J.52** [Renumbered 116K.12]

**116J.53** [Renumbered 116K.13]

**116J.54** [Renumbered 116J.406]

**116J.541** MS 2000 [Repealed, 2001 c 200 s 4]

**116J.542** MS 2000 [Repealed, 2001 c 200 s 4]

**116J.543** MS 2004 [Repealed, 2006 c 282 art 11 s 32]

**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

(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;

(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.

**History:** *2023 c 53 art 15 s 3*

**116J.548 HOST COMMUNITY ECONOMIC DEVELOPMENT GRANTS.**

Subdivision 1. **Creation of account.** A host community economic development grant program is created in the Department of Employment and Economic Development. Grants awarded under this section may only be spent for capital costs of an eligible project.

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

(a) "Capital costs" means expenditures for the public acquisition of land and buildings, betterment of public lands and buildings, and for other publicly owned capital improvements. Capital costs also include expenditures for predesign, design, engineering, and similar activities for specifically identified eligible projects.

(b) "Eligible project" means a development or redevelopment project that will generate economic development within a time frame of five years or less or facilitate the preparation of long-term economic development within a host community.

(c) "Economic development" means assistance in preparation of a redevelopment or development area contained in the application that results in at least one of the following:

(1) job creation, including jobs relating to construction and temporary jobs;

(2) an increase in the tax base;

(3) the ability of the eligible project to attract private investment;

(4) long-term economic development;

(5) needed public infrastructure or transportation-related improvements to facilitate long-term redevelopment or development; or

(6) other objective criteria established by the commissioner that demonstrate a public benefit to the host community.

(d) "Host community" means a city located within the seven-county metropolitan area, as defined in section 473.121, subdivision 2, that is the site of a waste disposal facility that meets the standards in section 473.849, that accepts unprocessed mixed municipal solid waste generated in the metropolitan area.

(e) "Long-term economic development" means capital costs associated with economic development projects identified by a host community comprehensive plan or redevelopment plan that will generate eligible economic development.

Subd. 3. **Application.** Host communities may apply for a grant under this section on a form and in a manner prescribed by the commissioner. In awarding grants under this section, the commissioner must allocate available money between host communities as evenly as practicable.

Subd. 4. **No match required.** Notwithstanding section 16A.86 or any other law to the contrary, the state share of a project covered by this section shall cover 100 percent of the total cost of the project.

Subd. 5. **Report.** The commissioner must report to committees of the legislature with jurisdiction over economic development by February 15 of each year on grants awarded under this section.

**History:** *2013 c 85 art 3 s 3; 2016 c 94 s 1,2*

**116J.549** MS 2016 [Repealed, 2017 c 94 art 6 s 28]

**116J.5491 ENERGY TRANSITION OFFICE.**

Subdivision 1. **Definitions.** (a) For purposes of sections 116J.5491 to 116J.5493, the following terms have the meanings given.

(b) "Impacted community" means a municipality, Tribal government, or county in which an impacted facility is located.

(c) "Impacted facility" means an electric generating unit powered by coal, nuclear energy, or natural gas that is or was owned by a public utility, as defined in section 216B.02, subdivision 4, and that:

(1) is currently operating and (i) is projected, estimated, or scheduled to cease operations, or (ii) whose cessation of operations has been proposed in an integrated resource plan filed with the Public Utilities Commission under section 216B.2422; or

(2) ceased operations or was removed from the local property tax base no earlier than five years before July 1, 2021.

(d) "Impacted worker" means a Minnesota resident:

(1) employed at an impacted facility and who is facing the loss of employment as a result of the impacted facility's retirement; or

(2) employed by a company that, under contract, regularly performs construction, maintenance, or repair work at an impacted facility and who is facing the loss of employment or of work opportunities as a result of the impacted facility's retirement.

Subd. 2. **Office established; director.** (a) The Energy Transition Office is established in the Department of Employment and Economic Development.

(b) The director of the Energy Transition Office is appointed by the commissioner of employment and economic development. The director must be qualified by experience in issues related to energy, economic development, and the environment.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 3. **Purpose.** The purpose of the office is to:

(1) address economic dislocations experienced by impacted workers after an impacted facility is retired;

(2) implement recommendations of the Minnesota energy transition plan developed in section 116J.5493;

(3) improve communication among local, state, federal, and private entities regarding impacted facility retirement planning and implementation;

(4) address local tax and fiscal issues related to the impacted facility's retirement and develop strategies to reduce the resulting economic dislocation experienced by impacted communities and impacted workers; and

(5) assist the establishment and implementation of economic support programs, including but not limited to property tax revenue replacement, community energy transition programs, and economic development tools, for impacted communities and impacted workers.

Subd. 4. **Duties.** The office is authorized to:

(1) administer programs to support impacted communities and impacted workers;

(2) coordinate local, state, and federal resources to support impacted communities and impacted workers;

(3) coordinate the development of statewide policies addressing impacted communities and impacted workers;

(4) deliver programs and resources to impacted communities and impacted workers;

(5) support impacted workers by establishing benefits and educating impacted workers on applying for benefits;

(6) act as a liaison among impacted communities, impacted workers, and state agencies;

(7) assist state agencies to (i) address local tax, land use, economic development, and fiscal issues related to an impacted facility's retirement, and (ii) develop strategies to support impacted communities and impacted workers;

(8) review existing programs supporting impacted workers and identify gaps that need to be addressed;

(9) support activities of the energy transition advisory committee members;

(10) monitor transition efforts in other states and localities;

(11) identify impacted facility closures and estimate job losses and the effect on impacted communities and impacted workers;

(12) maintain communication with all affected parties regarding closure dates; and

(13) monitor and participate in administrative proceedings that affect the office's activities, including matters before the Public Utilities Commission, the Department of Commerce, the Department of Revenue, and other entities.

Subd. 5. **Reporting.** (a) Beginning January 15, 2023, and each year thereafter, the Energy Transition Office must submit a written report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy, economic development, and tax policy and finance on the office's activities during the previous year.

(b) The report must contain:

(1) a list of impacted facility closures, projected associated job losses, and the effect on impacted communities and impacted workers;

(2) recommendations to support impacted communities and impacted workers;

(3) information on the administration of assistance programs administered by the office; and

(4) updates on implementation of the Minnesota energy transition plan.

Subd. 6. **Gifts; grants; donations.** The office may accept gifts and grants on behalf of the state that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the purposes of the office.

Subd. 7. **Sunset.** This section expires five years after the date the last impacted facility in Minnesota ceases operations.

**History:** *1Sp2021 c 4 art 8 s 6*

**116J.5492 ENERGY TRANSITION ADVISORY COMMITTEE.**

Subdivision 1. **Creation; purpose.** The Energy Transition Advisory Committee is established to develop a statewide energy transition plan and to advise the governor, the commissioner, and the legislature on transition issues, established transition programs, economic initiatives, and transition policy.

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

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

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

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

(3) one representative of the Prairie Island Indian Community;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 3. **Initial appointments and first meeting.** The appointing authorities must appoint the members of the advisory committee by August 1, 2021. The commissioner of employment and economic development must convene the first meeting by September 1, 2021, and must act as chair until the advisory committee elects a chair at the first meeting.

Subd. 4. **Officers.** The committee must elect a chair and vice-chair from among the voting members for terms of two years.

Subd. 5. **Open meetings.** Advisory committee meetings are subject to chapter 13D.

Subd. 6. **Conflict of interest.** An advisory committee member is prohibited from discussing or voting on issues relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 7. **Gifts; grants; donations.** The advisory committee may accept gifts and grants on behalf of the state and that constitute donations to the state. Funds received under this subdivision are appropriated to the commissioner of employment and economic development to support the activities of the advisory committee.

Subd. 8. **Meetings.** The advisory committee must meet 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. 9. **Staff.** The Department of Employment and Economic Development shall serve as staff for the advisory committee.

Subd. 10. **Expiration.** This section expires on June 30, 2027.

**History:** *1Sp2021 c 4 art 8 s 7; 2023 c 53 art 15 s 4,5; 2024 c 120 art 7 s 1*

**116J.5493 MINNESOTA ENERGY TRANSITION PLAN.**

(a) By July 1, 2022, the Energy Transition Advisory Committee established in section 116J.5492 must submit a statewide energy transition plan to the governor and the chairs and ranking minority members of the legislative committees having jurisdiction over economic development and energy.

(b) The energy transition plan must, at a minimum, for each impacted facility:

(1) identify the timing and location of impacted facility retirements and projected job losses in communities;

(2) analyze the estimated fiscal impact of impacted facility retirements on local governments;

(3) describe the statutes and administrative processes that govern how retired utility property impacts a local government tax base;

(4) review existing state programs that might support impacted communities and impacted workers, and project the effectiveness of each program's response to the effects of impacted facility retirements; and

(5) recommend how to effectively respond to the economic effects of impacted facility retirements.

**History:** *1Sp2021 c 4 art 8 s 8*

**116J.55 COMMUNITY ENERGY TRANSITION GRANTS.**

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, (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 July 1, 2023; 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.

Subd. 2. **Program establishment.** A community energy transition grant program is established in the department to award grants to assist eligible communities to address the economic dislocation associated with the closing of a local electric generating plant.

Subd. 3. **Account established.** (a) A community energy transition account is created in the special revenue fund in the state treasury. The commissioner shall credit to the account appropriations and transfers to the account. Earnings, including interest, dividends, and any other earnings arising from assets of the account, must be credited to the account. The commissioner shall manage the account.

(b) Money in the account is appropriated to the commissioner for grants under this section and must be expended only as provided in this section.

Subd. 4. **Application process.** (a) Applications for a grant under this section must be made to the commissioner on a form developed by the commissioner.

(b) A grant application made by a county must include a resolution of support from the legislative body in the city in which the electric generating plant is or was located.

Subd. 5. **Grant awards; limitations.** (a) A grant awarded to an eligible community under this section must not exceed $1,000,000 in any calendar year. The commissioner may accept grant applications on an ongoing or rolling basis.

(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.

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;

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

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

Subd. 7. **Report.** By January 15, 2022, the commissioner must submit a report to the chairs and ranking minority members of the committees of the senate and house of representatives with jurisdiction over economic development and energy. The report must describe the number and amount of grants awarded under this section and the uses made of grant funds by eligible communities awarded grants.

**History:** *2020 c 118 s 2; 2023 c 53 art 15 s 6-8*

## CONTAMINATION CLEANUP

### 116J.551 CREATION OF ACCOUNTS.

Subdivision 1. **Grant account.** A contaminated site cleanup and development grant account is created in the special revenue fund, general fund, petroleum tank fund, and remediation fund. Money in any account may be used, as appropriated by law, to make grants as provided in section 116J.554 and to pay for the commissioner's costs in reviewing applications and making grants. Notwithstanding section 16A.28, money appropriated to the accounts for this program from any source is available until spent.

Subd. 2. **Revolving loan account.** A revolving loan account is created in a special revenue fund for the Minnesota cleanup revolving loan fund, funded by the United States Environmental Protection Agency. Money in the account may be invested by the State Board of Investment. Money in the account must be used to provide loans and grants in accordance with section 116J.559 and the Brownfields Revitalization and Environmental Restoration Act of 2001, Public Law 107-118, title II, under the authority of the United States Environmental Protection Agency, and to pay for the commissioner's cost in reviewing applications and making loans and/or grants.

**History:** *1993 c 375 art 13 s 1; 2004 c 206 s 13; 1Sp2005 c 1 art 4 s 15; 2007 c 135 art 2 s 6; 1Sp2010 c 1 art 14 s 7; 1Sp2011 c 4 art 2 s 2*

### 116J.552 DEFINITIONS.

Subdivision 1. **Scope of application.** For purposes of sections 116J.551 to 116J.557, the following terms have the meanings given.

Subd. 2. **Cleanup costs.** "Cleanup costs" or "costs" means the costs of developing and implementing a response action plan, but does not include implementation costs incurred before the award of a grant unless the application for the grant was submitted within 180 days after the response action plan was approved by the commissioner of the Pollution Control Agency.

Subd. 3. **Contaminant.** "Contaminant" means a hazardous substance or a pollutant or contaminant as those terms are defined in section 115B.02.

Subd. 4. **Development authority.** "Development authority" includes a statutory or home rule charter city, county, federally recognized Tribe, housing and redevelopment authority, economic development authority, and a port authority.

Subd. 5. **Metropolitan area.** "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 6. **Municipality.** "Municipality" means the statutory or home rule charter city, town, federally recognized Tribe, or, in the case of unorganized territory, the county in which the site is located.

Subd. 7. **Project costs.** "Project costs" includes cleanup costs for the site and the cost of related site acquisition, demolition of existing improvements, and installation of public improvements necessary for the development authority to implement the response action plan.

Subd. 8. **Response action plan.** "Response action plan" means a response action plan approved by the commissioner of the Pollution Control Agency, including a "development action response plan" that meets the requirements of section 469.174, subdivision 17; and a "voluntary response action plan" under section 115B.175, subdivision 3.

**History:** *1993 c 375 art 13 s 2; 1995 c 224 s 53; 1995 c 255 art 2 s 1; 1997 c 200 art 2 s 8; 2023 c 33 s 2,3*

**116J.553 GRANT APPLICATIONS.**

Subdivision 1. **Application required.** To obtain a contamination cleanup development grant, the development authority shall apply to the commissioner. The governing body of the municipality must approve, by resolution, the application.

Subd. 2. **Required content.** (a) The commissioner shall prescribe and provide the application form. The application must include at least the following information:

(1) identification of the site;

(2) an approved response action plan for the site, including the results of engineering and other tests showing the nature and extent of the release or threatened release of contaminants at the site;

(3) a detailed estimate, along with necessary supporting evidence, of the total cleanup costs for the site;

(4) an appraisal of the current market value of the property, separately taking into account the effect of the contaminants on the market value, prepared by a qualified independent appraiser licensed under chapter 82B using accepted appraisal methodology or, the estimated market value of the property for the latest year shown on the most recent valuation notice used under section 273.121;

(5) an assessment of the development potential or likely use of the site after completion of the response action plan, including any specific commitments from third parties to construct improvements on the site;

(6) the manner in which the municipality will meet the local match requirement; and

(7) any additional information or material that the commissioner prescribes.

(b) A response action plan is not required as a condition to receive a grant under section 116J.554, subdivision 1, paragraph (c).

**History:** *1993 c 375 art 13 s 3; 1999 c 203 s 4; 2003 c 128 art 13 s 13*

**116J.554 GRANTS.**

Subdivision 1. **Authority.** (a) The commissioner may make a grant to an applicant development authority to pay for up to 75 percent of the project costs for a qualifying site.

(b) The commissioner may also make a grant to an applicant development authority to pay up to 75 percent or $50,000, whichever is less, toward the cost of performing contaminant investigations and the development of a response action plan for a qualifying site.

(c) The commissioner may also make a grant to an applicant to fill a site that would represent more than 50 percent of the remaining land in a city suitable for industrial development if it were properly filled.

(d) The determination of whether to make a grant for a qualifying site is within the sole discretion of the commissioner, subject to the process provided by this section, and available unencumbered money in the appropriation. The commissioner's decisions and application of the priorities under section 116J.555 are not subject to judicial review, except for abuse of discretion.

(e) The total amount of money provided in grants under paragraph (b) may not exceed $500,000 per fiscal year.

(f) In making grants under paragraph (b), the commissioner shall give priority to applicants that have not received a grant under paragraph (a) or section 473.252 during the year ending on the date of application.

Subd. 1a. **Metropolitan livable communities.** The commissioner may not make a grant to a municipality in the metropolitan area unless it is participating in the local housing incentives program under section 473.254.

Subd. 2. **Qualifying sites.** A site qualifies for a grant under this section, if the following criteria are met:

(1) the site is not scheduled for funding during the current or next fiscal year under the Comprehensive Environmental Response, Compensation, and Liability Act, United States Code, title 42, section 9601, et seq. or under the Environmental Response, and Liability Act under sections 115B.01 to 115B.20;

(2) if the proposed cleanup is completed, it is expected that the site will be improved with buildings or other improvements and these improvements will provide a substantial increase in the property tax base within a reasonable period of time or the site will be used for an important publicly owned or tax-exempt facility.

**History:** *1993 c 375 art 13 s 4; 1995 c 255 art 2 s 3; 1997 c 246 s 14,15; 2003 c 128 art 13 s 14; 2004 c 228 art 1 s 73; 2007 c 135 art 2 s 7; 2009 c 78 art 2 s 14*

**116J.555 PRIORITIES.**

Subdivision 1. **Priorities.** (a) The legislature expects that applications for grants will exceed the available appropriations and the agency will be able to provide grants to only some of the applicant development authorities.

(b) If applications for grants for qualified sites exceed the available appropriations, the agency shall make grants for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred and that meet all the requirements provided by law. In making this judgment, the commissioner shall consider the following factors:

(1) the recommendations or ranking of projects by the commissioner of the Pollution Control Agency regarding the potential threat to public health and the environment that would be reduced or eliminated by completion of each of the response action plans;

(2) the potential increase in the property tax base of the local taxing jurisdictions, considered relative to the fiscal needs of the jurisdictions, that will result from developments that will occur because of completion of each of the response action plans;

(3) the social value to the community of the cleanup and redevelopment of the site, including the importance of development of the proposed public facilities on each of the sites;

(4) the probability that each site will be cleaned up without use of government money in the reasonably foreseeable future by considering but not limited to the current market value of the site versus the cleanup cost;

(5) the amount of cleanup costs for each site; and

(6) the amount of the commitment of municipal or other local resources to pay for the cleanup costs.

The factors are not listed in a rank order of priority; rather the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the response action plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. The commissioner shall provide a written statement of the supporting reasons for each grant. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 35 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Subd. 2. **Application cycles; reporting to legislature.** (a) In making grants, the commissioner shall establish semiannual application deadlines in which grants will be authorized from all or part of the available appropriations of money in the account.

(b) The commissioner shall annually report to the committees of the senate and house of representatives with jurisdiction over environment and natural resources finance on the status of the cleanup projects undertaken under grants made under the programs. The commissioner shall include in the annual report information on the cleanup and development activities undertaken for the grants made in that and previous fiscal years. The commissioner shall make this report no later than 120 days after the end of the fiscal year.

**History:** *1993 c 375 art 13 s 5; 1995 c 224 s 54; 1995 c 255 art 2 s 2; 1996 c 470 s 27; 2007 c 135 art 2 s 8; 2009 c 78 art 2 s 15; 2012 c 288 s 1*

**116J.556 LOCAL MATCH REQUIREMENT.**

In order to qualify for a grant under sections 116J.551 to 116J.557, the municipality must pay for at least one-quarter of the project costs as a local match. The municipality shall pay an amount of the project costs equal to at least 12 percent of the cleanup costs from the municipality's general fund, a property tax levy for that purpose, or other unrestricted money available to the municipality (excluding tax increments). These unrestricted moneys may be spent for project costs, other than cleanup costs, and qualify for the local match payment equal to 12 percent of cleanup costs. The rest of the local match may be paid with tax increments, regional, state, or federal money available for the redevelopment of brownfields or any other money available to the municipality.

**History:** *1993 c 375 art 13 s 6; 1995 c 255 art 2 s 4; 1997 c 246 s 16; 2003 c 2 art 1 s 15; 2005 c 152 art 2 s 1*

**116J.557 COST RECOVERY ACTIONS.**

Subdivision 1. **Cause of action.** The attorney general or a development authority or municipality that incurs cleanup costs to implement an approved response action plan pursuant to sections 116J.551 to 116J.557, may bring an action under section 115B.04 or other law to recover the reasonable and necessary cleanup costs incurred by the development authority or municipality. The attorney general, development authority, or municipality may recover all cleanup costs incurred whether paid from the proceeds of a grant under sections 116J.551 to 116J.557 or funds of the development authority or municipality. Recoverable costs include administrative and legal costs related to the development and implementation of the response action plan but do not include any cost associated with development or redevelopment of property. A development authority or municipality must have the consent of the attorney general to bring or settle an action under this subdivision to recover cleanup costs paid from the proceeds of a grant.

Subd. 2. **Procedures.** The commissioner shall notify the attorney general when a grant is awarded under sections 116J.551 to 116J.557. Upon request of the attorney general the development authority shall prepare and submit a certification of the cleanup costs and shall cooperate in any cost recovery action brought by the attorney general under subdivision 1. Certification by the development authority of the cleanup costs incurred to develop and implement the approved response action plan is prima facie evidence that the costs are reasonable and necessary in any action brought under this section.

Subd. 3. **Attorney general assistance and costs.** (a) The attorney general may assist a development authority or municipality, if requested to do so, in bringing an action under subdivision 1 by providing legal and technical advice or other appropriate assistance. The attorney general shall not assess any fee to the development authority or municipality for the assistance but may recover the cost of the assistance as provided in paragraph (b).

(b) If the attorney general brings or assists in an action brought under subdivision 1, the reasonable litigation expenses or other costs of legal or technical assistance incurred by the attorney general must be deducted from any recovery and paid to the attorney general before proceeds of the recovery are otherwise distributed. The attorney general shall deposit any money so deducted in the general fund.

Subd. 4. **Disposition of recovered amounts.** Amounts recovered from responsible persons, after any deduction under subdivision 3, and all other amounts otherwise received by the municipality, the agency, or the attorney general for the site shall be used to reimburse the municipality and the account in proportion to their respective payments for response costs. The amount of recovered costs apportioned to tax increments

must be treated by the municipality and development authority as an excess increment under section 469.176, subdivision 2.

**History:** *1993 c 375 art 13 s 7; 1994 c 465 art 2 s 1*

**116J.558 EFFECT OF ISSUANCE OF GRANTS.**

The issuance of a contamination cleanup grant under sections 116J.551 to 116J.557 has no effect on the responsibility or the liability of the state, under chapter 115B or any other law, in relation to the contamination at a site or sites for which the grant is issued. The issuance of a grant neither implies any state responsibility for the contamination nor imposes any obligation on the state to participate in the cleanup of the contamination or in the cleanup costs beyond the amount of the grant.

**History:** *1994 c 643 s 54*

**116J.559 LOANS.**

The commissioner may provide loans and grants that meet the criteria of the Brownfields Revitalization and Environmental Restoration Act of 2001, Public Law 107-118, title II, under the authority of the United States Environmental Protection Agency, from the account established in section 116J.551, subdivision 2. The commissioner shall prioritize the projects pursuant to section 116J.555.

**History:** *2004 c 206 s 14*

**116J.561** MS 2000 [Repealed, 2002 c 393 s 91]

**116J.562** MS 2000 [Repealed, 2002 c 393 s 91]

**116J.563** MS 2000 [Repealed, 2002 c 393 s 91]

**116J.564** MS 2000 [Repealed, 2002 c 393 s 91]

**116J.565** MS 2000 [Repealed, 2002 c 393 s 91]

**116J.566** MS 2000 [Repealed, 2002 c 393 s 91]

**116J.567** MS 2000 [Repealed, 2002 c 393 s 91]

**116J.57** [Expired, 1997 c 246 s 17]

## ECONOMIC DEVELOPMENT

**116J.571 CREATION OF ACCOUNTS.**

Two redevelopment accounts are created, one in the general fund and one in the bond proceeds fund. Money for the program: (1) may be used to make grants as provided in section 116J.575 and loans as provided in section 116J.5761; (2) may be used to pay for the commissioner's costs in reviewing applications and making grants and loans; and (3) is available until spent. The repayment of principal and interest on loans and investment income earned on money in the account is deposited in the special revenue fund and may be used for making grants and loans and for administrative costs and are appropriated for such purposes.

**History:** *2002 c 393 s 47; 1Sp2005 c 1 art 4 s 16; 2012 c 288 s 2*

**116J.572 DEFINITIONS.**

Subdivision 1. **Scope of application.** For purposes of sections 116J.571 to 116J.5765, the terms in this section have the meanings given.

Subd. 1a. **Demolition costs.** "Demolition costs" means the costs of demolition, destruction, removal, and clearance of all structures and other improvements on the project site, including interior remedial activities, and proper disposal thereof. As used in this subdivision, "structure" has the meaning given it in section 116G.03, subdivision 11.

Subd. 2. **Development authority.** "Development authority" includes a statutory or home rule charter city, county, housing and redevelopment authority, economic development authority, or port authority.

Subd. 2a. **Metropolitan area.** "Metropolitan area" means the seven-county metropolitan area, as defined in section 473.121, subdivision 2.

Subd. 2b. **Municipality.** "Municipality" means the statutory or home rule charter city, town, or, in the case of unorganized territory, the county in which the redevelopment or project is located.

Subd. 3. **Redevelopment costs or costs.** "Redevelopment costs" or "costs" means the costs of land acquisition, stabilizing unstable soils when infill is required, infrastructure improvements, and ponding or other environmental infrastructure, demolition costs and costs necessary for adaptive reuse of buildings, including remedial activities.

Subd. 4. MS 2004 [Repealed by amendment, 1Sp2005 c 1 art 4 s 17]

**History:** *2002 c 393 s 48; 1Sp2005 c 1 art 4 s 17; 2012 c 288 s 3*

**116J.573** MS 2004 [Repealed, 1Sp2005 c 1 art 4 s 124]

**116J.574 GRANT APPLICATIONS.**

Subdivision 1. **Application required.** To obtain a redevelopment grant, a development authority shall apply to the commissioner. The governing body of the municipality must approve the application by resolution.

Subd. 2. **Required content.** The commissioner shall prescribe and provide the application form. The application must include at least the following information:

(1) identification of the site;

(2) a redevelopment plan for the site;

(3) a detailed estimate, along with necessary supporting evidence, of the total redevelopment costs for the site;

(4) an assessment of the development potential or likely use of the site after completion of the redevelopment plan, including any specific commitments from third parties to construct improvements on the site;

(5) the manner in which the municipality will meet the local match requirement; and

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

**History:** *2002 c 393 s 50; 1Sp2005 c 1 art 4 s 18*

**116J.575 GRANTS.**

Subdivision 1. **Commissioner discretion.** The commissioner may make a grant for up to 50 percent of the eligible costs of a project. The determination of whether to make a grant for a site is within the discretion of the commissioner, subject to this section and sections 116J.571 to 116J.574 and available unencumbered money in the redevelopment account. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Subd. 1a. **Priorities.** (a) If applications for grants exceed the available appropriations, grants shall be made for sites that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. "Public benefits" include job creation, bioscience development, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement. In making this judgment, the commissioner shall give priority to redevelopment projects with one or more of the following characteristics:

(1) the need for redevelopment in conjunction with contamination remediation needs;

(2) the redevelopment project meets current tax increment financing requirements for a redevelopment district and tax increments will contribute to the project;

(3) the redevelopment potential within the municipality;

(4) proximity to public transit if located in the metropolitan area;

(5) redevelopment costs related to expansion of a bioscience business in Minnesota;

(6) multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact; or

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

(b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits for completion of the redevelopment plan. The commissioner, notwithstanding the listing of priorities and the goal of maximizing the return of public benefits, shall make grants that distribute available money to sites both within and outside of the metropolitan area. Unless sufficient applications are not received for qualifying sites outside of the metropolitan area, at least 50 percent of the money provided as grants must be made for sites located outside of the metropolitan area.

Subd. 2. **Application cycles.** In making grants, the commissioner shall establish semiannual application deadlines in which grants will be authorized from all or part of the available money in the account.

Subd. 3. **Match required.** In order to qualify for a grant under sections 116J.571 to 116J.575, the municipality must pay for at least one-half of the redevelopment costs as a local match from any money available to the municipality.

Subd. 4. **Grant repayment.** If a project fails to substantially provide the public benefits listed in the grant application within five years from the date of the grant award, the commissioner may require that 100 percent of the grant amount be repaid by the development authority over a term not to exceed ten years. The

commissioner may exercise discretion to require repayment of only a portion of the grant amount taking into account the public benefits generated by the completed development.

**History:** *2002 c 393 s 51; 2005 c 20 art 1 s 33; 1Sp2005 c 1 art 4 s 19; 2006 c 212 art 3 s 9; 2007 c 135 art 2 s 9,10; 2008 c 356 s 4; 2012 c 288 s 4*

**116J.5761 LOANS.**

Subdivision 1. **Authority.** The commissioner may make loans to development authorities for projects that meet the criteria under sections 116J.5761 to 116J.5764. The commissioner may make a loan for up to 100 percent of the estimated land acquisition and demolition costs of the project. The determination whether to make a loan for a project is within the discretion of the commissioner, subject to sections 116J.5761 to 116J.5764, and available unencumbered money in the redevelopment accounts. The commissioner's decisions and application of the priorities under this section are not subject to judicial review, except for abuse of discretion.

Subd. 2. **Qualifying projects.** A project qualifies for a loan under this section, if the following criteria are met:

(1) the property and structures are owned by the development authority;

(2) the structures on the property have been vacant for at least one year;

(3) the structures constitute a threat to public safety because of inadequate maintenance, dilapidation, obsolescence, or abandonment;

(4) the structures are not listed on the National Register of Historic Places; and

(5) upon completion of the demolition, the development authority reasonably expects that the property will be improved and these improvements will result in economic development benefits to the municipality.

**History:** *2012 c 288 s 5*

**116J.5762 LOAN APPLICATIONS.**

Subdivision 1. **Application required.** To obtain a demolition loan, a development authority shall apply to the commissioner. The governing body of the municipality must approve the application by resolution.

Subd. 2. **Required content.** The commissioner shall prescribe and provide the application form. The application must include at least the following information:

(1) identification of the property;

(2) proof of ownership by the development authority;

(3) a description of how the structures on the property constitute a threat to public safety, are functionally obsolete, or are economically unfeasible to repair;

(4) length of vacancy;

(5) a detailed estimate, along with supporting evidence, of the total demolition costs for the project;

(6) evidence that the structures on the property are not listed on the National Register of Historic Places;

(7) an assessment of the development potential or likely use of the property after completion of the demolition plan;

(8) the current appraised or assessed value of the property;

(9) financial documentation necessary for loan underwriting;

(10) other sources of funding if the total estimated demolition costs exceed the loan amount;

(11) the proposed source of funds to be used for repayment of the loan;

(12) information showing the applicant's financial condition and ability to repay the loan;

(13) the proposed term and principal repayment schedule for the loan;

(14) the statutory authorization for the applicant to issue bonds, together with a statement that the statutory provision authorizes the use of proceeds of such bonds to pay demolition costs and secure the loan; and

(15) any additional information the commissioner prescribes.

**History:** *2012 c 288 s 6*

**116J.5763 PRIORITIES.**

Subdivision 1. **Priorities.** (a) If applications for loans exceed the available appropriations, loans shall be made for projects that, in the commissioner's judgment, provide the highest return in public benefits for the public costs incurred. "Public benefits" include health, safety and other environmental benefits, blight reduction including the property's potential for improved economic vitality, functionality and aesthetics, community stabilization, crime reduction, reduced maintenance costs, and the potential for future development. In making this judgment, the commissioner shall consider the following:

(1) the extent to which the existing property conditions threaten public safety;

(2) the length of vacancy of the property;

(3) the development potential of the property;

(4) the proximity of the property to existing sufficient public infrastructure; and

(5) the applicant's financial condition and ability to repay the loan.

(b) The factors in paragraph (a) are not listed in a rank order or priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate. The commissioner may consider other factors that affect the net return of public benefits.

Subd. 2. **Application cycle.** The commissioner shall establish semiannual application deadlines in which loans will be authorized from available money in the accounts.

**History:** *2012 c 288 s 7*

**116J.5764 LOAN TERMS AND CONDITIONS.**

Subdivision 1. **Terms.** Loans to development authorities for demolition costs may be made by the commissioner subject to the following terms and conditions:

(1) the agreement to repay the loan may be a general obligation of the development authority, payable primarily from a dedicated source of revenue, or other security subject to review and approval by the commissioner, and the development authority must deliver its bond or note to the commissioner to secure the loan;

(2) the term of the loan may not exceed 15 years;

(3) the loan shall bear interest at a rate equal to two percent, but interest will not accrue during the first two years of the loan term;

(4) the development authority shall make semiannual interest payments and annual principal payments beginning in the third year of the loan until the end of the term;

(5) the principal amount of a loan may not exceed $1,000,000;

(6) loan proceeds shall be disbursed for eligible demolition costs as incurred or paid by the borrower and upon submission of invoices and other supporting documentation satisfactory to the commissioner; and

(7) an eligible borrower shall establish a dedicated source of revenue for repayment of the loan.

Subd. 2. **Modification of loan terms.** The commissioner has the discretion to consent to the modification of the rate of interest, time of payment, installment of principal or interest, or other term of a loan made under sections 116J.5761 to 116J.5764.

Subd. 3. **Forgiveness.** The commissioner may forgive principal of the loan and interest accrued but unpaid thereon, if any, up to 50 percent of the original loan amount, not to exceed the costs of demolition, upon completion of the redevelopment plan, if the project would otherwise have received grant funding in the most recent semiannual grant round, based on the priorities in section 116J.575.

**History:** *2012 c 288 s 8; 2013 c 64 s 1*

**116J.5765 NONLIABILITY.**

The state shall have no responsibility or liability relating to or arising out of activities at the site of a project solely by reason of the making of a grant or loan by the commissioner under sections 116J.5761 to 116J.5764.

**History:** *2012 c 288 s 9*

**116J.578 BIOSCIENCE SUBSIDY.**

Any bioscience or biotechnology project financed in whole or in part by state appropriations or other public subsidies must document how and to what it extent the project will provide a benefit to consumers in the form of more affordable pricing of the products or services being publicly subsidized. The documentation must be reported to the committees of the legislature with responsibility for economic development and to committees with responsibility for finance.

**History:** *2008 c 300 s 47*

**116J.58** Subdivision 1. MS 2008 [Repealed, 2009 c 78 art 2 s 44]

Subd. 2. MS 2008 [Renumbered 116J.035, subd 1a]

Subd. 3. MS 2004 [Repealed, 1Sp2005 c 1 art 4 s 124]

Subd. 4. MS 1985 Supp [Repealed, 1986 c 465 art 1 s 31]

**116J.581** MS 1996 [Repealed, 1997 c 200 art 1 s 74]

**116J.59** MS 2008 [Repealed, 2009 c 78 art 2 s 44]

**116J.60 PROMOTIONAL EXPENSES.**

In the promotion of trade and economic development of the state, the commissioner of employment and economic development may expend money appropriated by the legislature for these purposes in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. An expenditure for food, lodging, or travel is not governed by the travel rules of the commissioner of management and budget. No money shall be expended for the appearance in radio or television broadcasts by an elected public official.

**History:** *Ex1967 c 48 s 84; 1973 c 492 s 14; 1977 c 455 s 84; 1981 c 356 s 248; 1983 c 289 s 55; 1987 c 312 art 1 s 17; 1Sp2003 c 4 s 1; 2004 c 171 s 4; 2008 c 204 s 42; 2009 c 101 art 2 s 109*

**116J.61** MS 2008 [Repealed, 2009 c 78 art 2 s 44]

**116J.613** [Renumbered 116K.14]

**116J.615** Subdivision 1. MS 2002 [Repealed, 2004 c 171 s 20]

Subd. 2. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 3. MS 1990 [Repealed, 1991 c 238 art 1 s 26]

**116J.616** MS 2002 [Repealed, 2004 c 171 s 20]

**116J.617 TOURISM LOAN PROGRAM.**

Subdivision 1. **Establishment.** The commissioner may establish a tourism revolving loan program and a tourism guarantee loan program to provide loans, participate in loans, or guarantee loans to resorts, campgrounds, lodging facilities, and other tourism-related businesses. The commissioner shall work with financial institutions in making or participating in loans or guaranteeing loans under this section.

Subd. 2. **Eligible borrower.** To receive a loan under this section, the borrower must be a sole proprietorship, partnership, or corporation engaged in a tourism-related business or other entity that is defined by the standard industrial classification codes of 7011 and 7033 as set out in the Code of Federal Regulations, title 13, section 121.2. An eligible borrower under this section must maintain the business or other entity as a tourism-related entity as defined by this subdivision during the term of the loan. An eligible borrower may not receive a loan or loan guarantee under this section if the borrower has received a tourism-related loan, loan participation, or guarantee made by the state in the past 36 months.

Subd. 3. **Eligible loan.** The maximum loan made or participated in under this section may not be for more than 50 percent of the total cost of the project. Loan proceeds may be used for the following purposes: acquisition of an existing building, building construction and improvement, land site improvement, equipment, other construction costs, and engineering costs. Project-related expenditures made more than 30 days before an application may not be financed by a loan made, guaranteed, or participated in under this section.

Subd. 4. **Loan terms.** The maximum term of a loan made, guaranteed, or participated in under this section may not exceed the useful life of the real property or 80 percent of the useful life of the equipment or machinery, or the following limits, whichever is less:

(1) ten years for land, building, or other real property;

(2) five years for equipment or machinery; or

(3) a weighted average of the limits under clauses (1) and (2) for loans made, guaranteed, or participated in for a combination of real property and equipment or machinery.

The commissioner may establish interest rates for loans made under this section. All loans made must be secured by collateral.

Subd. 5. MS 2002 [Repealed, 2003 c 128 art 13 s 40]

Subd. 6. MS 2002 [Repealed, 2003 c 128 art 13 s 40]

**History:** *1989 c 335 art 1 s 139; 1993 c 369 s 46*

**116J.62** MS 1982 [Repealed, 1983 c 289 s 119]

**116J.63 SALE OF PAMPHLETS AND PUBLICATIONS; FEES; ADVERTISING.**

Subdivision 1. **Sale.** The commissioner may sell reports, publications, or related publicity or promotional material of the department that the commissioner determines should not be supplied gratis to those who wish to employ them in the conduct of their business.

Subd. 2. **Fees.** (a) Fees for reports, publications, or related publicity or promotional material are not subject to the rulemaking requirements of chapter 14 and are not subject to section 16A.1285. The fees prescribed by the commissioner must be commensurate with the distribution objective of the department for the material produced or with the cost of furnishing the services. Except as described in paragraph (b), all fees for materials and services must be deposited in the general fund.

(b) The commissioner may sell marketing materials at cost to economic development organizations and others in quantities that would not otherwise be available through general fund appropriations. Funds received must be placed in a special revolving account and are appropriated to the commissioner to pay for the production of the materials.

Subd. 3. **Advertising.** Department publications may contain advertising and may receive advertising revenue from profit and nonprofit organizations, associations, individuals and corporations, and other state, federal or local government agencies. Advertising revenues shall be deposited in the general fund. The commissioner shall set advertising rates and fees commensurate with services rendered and distribution objectives.

Subd. 4. MS 2002 [Repealed, 2004 c 171 s 20]

**History:** *1947 c 587 s 14; 1979 c 333 s 99; 1981 c 356 s 248; 1986 c 444; 1987 c 312 art 1 s 19; 1989 c 335 art 1 s 141; 1996 c 305 art 3 s 20; 1999 c 223 art 2 s 25; 1Sp2005 c 1 art 4 s 20*

**116J.64 LOANS TO INDIANS.**

Subdivision 1. **Scope.** For purposes of this section the following terms shall have the meanings ascribed to them herein.

Subd. 2. **Indian.** "Indian" means a person who is an enrolled member of a federally recognized Minnesota-based Band or Tribe.

Subd. 3. **Person.** "Person" means an individual Indian, or a partnership comprising Indians only, or a corporation whose stock is owned wholly by Indians.

Subd. 4. **Tribal government.** "Tribal government" means the reservation business committee, board of trustees, Tribal council, federally recognized Tribal entity, or equivalent duly constituted Tribal authority.

Subd. 5. **Agency.** "Agency" means the Department of Employment and Economic Development.

Subd. 5a. **Eligible organization.** "Eligible organization" means any organization approved by a Tribal government to administer its portion of the Indian business loan fund allotted to the Tribal government.

Subd. 6. **Administration.** (a) The remaining 20 percent of the tax revenue received by the county auditor under section 273.165, subdivision 1, shall be remitted by the county auditor to the commissioner of management and budget and shall be deposited in an account in the special revenue fund. The account is established under the jurisdiction and control of the agency, which may engage in a business loan program for Indians as that term is defined in subdivision 2.

(b) The Tribal governments or eligible organization may administer the account, provided that, before making any eligible loans, each Tribal government must submit to the agency, for its review and approval, a plan for that government's loan program which specifically describes, as to that program, its content, the application and reporting forms, utilization of money, administration, operation, implementation, and other matters required by the agency. The plan may provide for the Tribal government to contract with an eligible organization to administer its loan program.

(c) All such plans must provide for a reasonable balance in the distribution of money appropriated pursuant to this section to make business loans between Indians residing on and off the reservations within the state. Each Tribal government may allocate all, or a portion of, the funds in its account to one or more other Tribal governments for purposes of making eligible loans. As a condition to the making of such eligible loans, the Tribal governments shall enter into a loan agreement and other contractual arrangements with the agency to carry out this chapter, and shall agree that all official books and records relating to the business loan program shall be subject to audit by the legislative auditor in the same manner prescribed for agencies of state government.

(d) Whenever money is appropriated by the commissioner of management and budget to the agency solely for the purposes in this subdivision, the agency shall record in the Indian business loan account the receipt and disbursement of the money and of the income, gain and loss from the investment and reinvestment of the money.

Subd. 7. **Processing.** (a) An Indian desiring a loan for the purpose of starting a business enterprise or expanding an existing business shall make application to the appropriate Tribal government. The application shall be forwarded to the appropriate eligible organization, if it is participating in the program, for consideration in conformity with the plans submitted by said Tribal governments. The Tribal government may approve the application if it determines that the loan would advance the goals of the Indian business loan program. If the Tribal government is not participating in the program, the agency may directly approve or deny the loan application.

(b) If the application is approved, the Tribal government shall forward the application, together with all relevant documents pertinent thereto, to the commissioner of the agency, who shall request a payment to be

issued to the applicant or the applicable Tribal government, if it is administering the loan, with appropriate notations identifying the borrower.

(c) The Tribal government, eligible organization, or the agency, if it is administering the loan, shall maintain records of transactions for each borrower in a manner consistent with good accounting practice. The interest rate on a loan shall be established by the Tribal government or the agency, but may be no less than two percent per annum nor more than ten percent per annum. When any portion of a debt is repaid, the Tribal government, eligible organization, or the agency, if it is administering the loan, shall remit the amount so received plus interest paid thereon to the commissioner of management and budget through the agency. The amount so received shall be credited to the Indian business loan account.

(d) On the placing of a loan, additional money equal to ten percent of the total amount made available to any Tribal government, eligible organization, or the agency, if it is administering the loan, for loans during the fiscal year shall be paid to the Tribal government, eligible organization, or the agency, prior to December 31 for the purpose of financing administrative costs.

Subd. 8. **Loan period.** Loans made under subdivision 7 shall be limited to a period of ten years, if made for the purpose of financing nonreal estate purchases. Loans made for the purpose of financing real estate purchases, where such real property is to be used for nonresidential purposes only, shall be limited to a period of 20 years, and shall be a lien on the real property so acquired. Under no circumstances shall the state take a position junior to third lien. In instances where it is impossible or undesirable to secure a lien against real property, the state may secure a lien against personal property for an amount equal to, or greater than, the face value of the loan to ensure that adequate collateral is provided.

Subd. 9. **Penalty.** Any person misrepresenting facts regarding the Indian ancestry of a prospective borrower for the purpose of securing a loan under subdivision 7, whether such borrower is an individual, partnership or corporation, shall be guilty of a gross misdemeanor.

Subd. 10. **Tax revenue.** The county auditor shall remit the tax revenue received yearly to the commissioner of management and budget as required by subdivision 6 no later than December 15.

Subd. 11. **Appropriation.** There is appropriated annually an amount equal to the tax revenue allotted under subdivision 7.

**History:** *1973 c 254 s 3; 1973 c 492 s 14; 1973 c 650 art 20 s 4; 1977 c 430 s 25 subd 1; 1979 c 333 s 100-102; 1980 c 391 s 1-3; 1981 c 308 s 1-7; 1981 c 356 s 210,211,248; 1982 c 424 s 128; 1984 c 558 art 4 s 1,2; 1Sp1985 c 14 art 4 s 16; 1986 c 444; 1989 c 335 art 4 s 47; 1989 c 356 s 27; 2003 c 112 art 2 s 50; 2003 c 128 art 13 s 15; 2004 c 206 s 15-21; 2009 c 101 art 2 s 109; 1Sp2019 c 10 art 3 s 21*

**116J.645** MS 1992 [Repealed, 1993 c 163 art 1 s 35; 1993 c 337 s 20]

**116J.65** [Renumbered 116M.04]

**116J.655** [Renumbered 121.72]

**116J.656** MS 2008 [Repealed, 2009 c 78 art 2 s 44]

**116J.657** MS 2008 [Repealed, 2010 c 347 art 1 s 36]

**116J.658 MINNESOTA SCIENCE AND TECHNOLOGY ECONOMIC DEVELOPMENT PROJECT.**

(a) The commissioner of employment and economic development shall lead a public-private project with science and technology experts from public, academic, and private sectors to advise state agency

collaboration to design, coordinate, and administer a strategic science and technology program for the state designed to promote the welfare of the people of the state, maximize the economic growth of the state, and create and retain jobs in the state's industrial base through enhancement of Minnesota's:

(1) high technology research and development capabilities;

(2) product and process innovation and commercialization;

(3) high technology manufacturing capabilities;

(4) science and technology business environment; and

(5) science and technology workforce preparation.

(b) Project membership shall consist of science and technology experts from public, academic, and private sectors. A member must have a background in science or technology in order to serve on the project. The project members shall consist of at least 13 members as follows:

(1) a representative of the University of Minnesota;

(2) a representative of Minnesota State Colleges and Universities;

(3) the chief executive officer of Mayo Clinic or a designee; and

(4) six chief executive officers or designees from science- or technology-oriented companies and four representatives from science- and technology-oriented trade organizations.

(c) The commissioner of employment and economic development must report by January 15, 2010, to the legislative committees having jurisdiction over science and technology and economic development policy and finance on the activities of the project and must recommend changes or additions to its organization, including specific recommendations for necessary legislation.

**History:** *2009 c 78 art 2 s 16*

**116J.6581** MS 2013 Supp [Repealed, 2014 c 271 art 1 s 3]

**116J.659 CANNABIS INDUSTRY STARTUP FINANCING GRANTS.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish CanStartup, a program to award grants to nonprofit corporations to fund loans to new cannabis microbusinesses and to support job creation in communities where long-term residents are eligible to be social equity applicants.

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

(b) "Cannabis microbusiness" means a cannabis business that meets the requirements of section 342.28.

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

(d) "Industry" means the legal cannabis industry in the state of Minnesota.

(e) "New business" means a legal cannabis business that has been in existence for three years or less.

(f) "Program" means the CanStartup grant program.

(g) "Social equity applicant" means a person who meets the qualification requirements in section 342.17.

Subd. 3. **Grants.** (a) The CanStartup revolving loan account is established in the special revenue fund. Money in the account, including interest, is appropriated to the commissioner to make grants under the CanStartup program.

(b) The commissioner must award grants to nonprofit corporations through a competitive grant process.

(c) To receive grant money, a nonprofit corporation must submit a written application to the commissioner using a form developed by the commissioner.

(d) In awarding grants under this subdivision, the commissioner shall give weight to whether the nonprofit corporation:

(1) has a board of directors that includes citizens experienced in business and community development, new business enterprises, and creating jobs for people facing barriers to education or employment;

(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 and administer a revolving loan account;

(6) can work with job referral networks that assist people facing barriers to education or employment; and

(7) has established relationships with communities where long-term residents are eligible to be social equity applicants.

The commissioner shall make grants that will assist new cannabis microbusinesses.

(e) A nonprofit corporation that receives a grant under the program must:

(1) establish a commissioner-certified revolving loan account for the purpose of making eligible loans; and

(2) enter into an agreement with the commissioner that the commissioner shall fund loans that the nonprofit corporation makes to new cannabis microbusinesses. The commissioner shall review existing agreements with nonprofit corporations every five years and may renew or terminate an agreement based on that review. In making this review, the commissioner shall consider, among other criteria, the criteria in paragraph (d).

Subd. 4. **Loans to businesses.** (a) The criteria in this subdivision apply to loans made by nonprofit corporations under the program.

(b) Loans must be used to support a new cannabis microbusiness in the legal cannabis industry. Priority must be given to loans to businesses owned by individuals who are eligible to be social equity applicants and businesses located in communities where long-term residents are eligible to be social equity applicants.

(c) Loans must be made to cannabis microbusinesses that are not likely to undertake the project for which loans are sought without assistance from the program.

(d) The minimum state contribution to a loan is $2,500 and the maximum is either:

(1) $75,000; or

(2) $200,000, if state contributions are matched by an equal or greater amount of new private investment.

(e) Loan applications given preliminary approval by the nonprofit corporation must be forwarded to the commissioner for approval. The commissioner must make approval decisions within 30 days of receiving a loan application. If the application contains insufficient information to make an approval decision, the nonprofit corporation must be notified within 14 days with all information that needs to be provided.

(f) A cannabis microbusiness that receives a loan may apply for a subsequent loan. A cannabis microbusiness may have a maximum of two program loans. A nonprofit corporation may originate a loan to a cannabis microbusiness that is no longer a new business provided the business would otherwise qualify for an initial loan and is in good standing with the nonprofit corporation and the commissioner. A nonprofit corporation may decline to originate a subsequent loan if the nonprofit corporation determines that the cannabis microbusiness is financially stable and is substantially likely to continue the project for which the loan is sought. Refinancing of existing debt is prohibited.

(g) If a borrower has met lender criteria, including being current with all payments for a minimum of three years, the commissioner may approve either full or partial forgiveness of interest or principal amounts.

Subd. 5. **Revolving loan account administration.** (a) The commissioner shall establish a minimum interest rate for loans or guarantees to ensure that necessary loan administration costs are covered. The interest rate or fee equivalent charged by a nonprofit corporation for a loan under this section must not exceed the Wall Street Journal prime rate. For a loan under this section, the nonprofit corporation may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee.

(b) Loan repayment of principal must be paid to the commissioner for deposit in the CanStartup revolving loan account. Loan interest payments may be retained by the nonprofit corporation originating the loan to help cover expenses for loan servicing and origination.

(c) Administrative expenses of the nonprofit corporations with whom the commissioner enters into agreements, including expenses incurred by a nonprofit corporation in providing technology, insurance, legal, audit and accounting, reporting, financial, technical, managerial, and marketing assistance to a business receiving a loan under this section, are eligible program expenses the commissioner may agree to pay under the grant agreement.

(d) Average interest rates charged by the nonprofit corporations must be reported biannually and publicly published by both the agency and the nonprofit corporation.

Subd. 6. **Program outreach.** The commissioner shall make extensive efforts to publicize this program, including through partnerships with community organizations, particularly those organizations located in areas where long-term residents are eligible to be social equity applicants.

Subd. 7. **Reporting requirements.** (a) A nonprofit corporation that receives a grant shall:

(1) submit an annual report to the commissioner by February 1 of each year that the nonprofit corporation participates in the program that includes a description of businesses supported by the grant program, an account of loans made during the calendar year, the program's impact on business creation and job creation, particularly in communities where long-term residents are eligible to be social equity applicants, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) 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.

(b) By March 1, 2024, and each March 1 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 economic development that details awards given through the CanStartup program and the use of grant money, including any measures of success toward financing new cannabis microbusinesses and creating jobs in communities where long-term residents are eligible to be social equity applicants.

**History:** *2023 c 63 art 3 s 1; 1Sp2025 c 6 art 4 s 2,3*

**116J.6595 CANNABIS INDUSTRY NAVIGATION GRANTS.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish CanNavigate, a program to award grants to eligible organizations to help individuals navigate the regulatory structure of the legal cannabis industry.

Subd. 2. **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 any organization capable of helping individuals navigate the regulatory structure of the legal cannabis industry, particularly individuals facing barriers to education or employment, and may include educational institutions, nonprofit organizations, private businesses, community groups, units of local government, or partnerships between different types of organizations.

(d) "Industry" means the legal cannabis industry in the state of Minnesota.

(e) "Program" means the CanNavigate grant program.

(f) "Social equity applicant" means a person who meets the qualification requirements in section 342.17.

Subd. 3. **Grants to organizations.** (a) Grant money awarded to eligible organizations may be used for both developing technical assistance resources relevant to the regulatory structure of the legal cannabis industry and for providing technical assistance or navigation services to individuals.

(b) The commissioner must award grants to eligible organizations through a competitive grant process.

(c) To receive grant money, an eligible organization must submit a written application to the commissioner, using a form developed by the commissioner, explaining the organization's ability to assist individuals in navigating the regulatory structure of the legal cannabis industry, particularly individuals facing barriers to education or employment.

(d) An eligible organization's grant application must also include:

(1) a description of the proposed technical assistance or navigation services, including the types of individuals targeted for assistance;

(2) any evidence of the organization's past success in providing technical assistance or navigation services to individuals, particularly individuals who live in areas where long-term residents are eligible to be social equity applicants;

(3) an estimate of the cost of providing the technical assistance;

(4) the sources and amounts of any nonstate money or in-kind contributions that will supplement grant money, including any amounts that individuals will be charged to receive assistance; and

(5) any additional information requested by the commissioner.

(e) In awarding grants under this subdivision, the commissioner shall give weight to applications from organizations that demonstrate a history of successful technical assistance or navigation services, particularly for individuals facing barriers to education or employment. The commissioner shall also give weight to applications where the proposed technical assistance will serve areas where long-term residents are eligible to be social equity applicants. To the extent practicable, the commissioner shall fund technical assistance for a variety of sectors in the legal cannabis industry, including both processing and retail sectors.

Subd. 4. **Program outreach.** The commissioner shall make extensive efforts to publicize these grants, including through partnerships with community organizations, particularly those organizations located in areas where long-term residents are eligible to be social equity applicants.

Subd. 5. **Reports to the legislature.** By January 15, 2024, 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 economic development that details awards given through the CanNavigate program and the use of grant money, including any measures of success toward helping individuals navigate the regulatory structure of the legal cannabis industry.

**History:** *2023 c 63 art 3 s 2*

## BUSINESS ASSISTANCE AND LICENSING

### 116J.66 BUSINESS ASSISTANCE.

The commissioner shall establish within the department a business assistance center. The center shall consist of (1) a Bureau of Small Business which shall have as its sole function the provision of assistance to small businesses in the state and (2) a bureau of licenses to assist all businesses in obtaining state licenses and permits. This center shall be accorded at least equal status with the other major operating units within the department. A small business advocate office is established in the Business Assistance Center to provide one-stop access for small businesses in need of information or assistance in obtaining or renewing licenses, meeting state regulatory requirements, or resolving disputes with state agencies.

**History:** *1978 c 709 s 2; 1979 c 246 s 2; 1981 c 356 s 214,248; 2012 c 288 s 10*

**116J.661** MS 1992 [Repealed, 1993 c 163 art 1 s 35]

**116J.67** [Renumbered 116M.05]

### 116J.68 BUREAU OF SMALL BUSINESS.

Subdivision 1. **Generally.** The Bureau of Small Business within the business assistance center shall serve as a clearinghouse, technical assistance center, and referral service for information and other assistance needed by small businesses including small targeted group businesses and small businesses located in an economically disadvantaged area.

Subd. 2. **Duties.** The bureau shall:

(1) provide information and assistance with respect to all aspects of business planning, business finance, and business management related to the start-up, operation, or expansion of a small business in Minnesota;

(2) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations;

(3) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the bureau's clients;

(4) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

(5) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

(6) maintain a close and continued relationship with the director of the procurement program within the Department of Administration so as to facilitate the department's duties and responsibilities under sections 16C.16 to 16C.19 relating to the small targeted group business and economically disadvantaged business program of the state;

(7) develop an information system which will enable the commissioner and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the bureau in the development and implementation of the information system;

(8) establish and maintain a toll-free telephone number, email account, and other electronic contact mediums determined by the commissioner so that all small business persons anywhere in the state may contact the bureau office for assistance. An outreach program shall be established to make the existence of the bureau and the assistance and services the bureau may provide to small businesses well known to its potential clientele throughout the state. If the small business person requires a referral to another provider the bureau may use the business assistance referral system established by the Minnesota Project Outreach Corporation;

(9) conduct research and provide data as required by the state legislature;

(10) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

(11) collect and disseminate information on state procurement opportunities, including information on the procurement process;

(12) develop a public awareness program regarding state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons. The commissioner may utilize print and electronic newsletters, personal contacts, advertising devices as defined in section 173.02, subdivision 16, social media, other electronic and print news media advertising, and any other means determined by the commissioner;

(13) enter into agreements with the federal government and other public and private entities to serve as the statewide coordinator or host agency for the federal small business development center program under United States Code, title 15, section 648; and

(14) assist providers in the evaluation of their programs and the assessment of their service area needs. The bureau may establish model evaluation techniques and performance standards for providers to use.

Subd. 3. MS 1982 [Repealed, 1984 c 604 s 5]

Subd. 4. MS 1982 [Repealed, 1984 c 604 s 5]

Subd. 5. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

**History:** *1979 c 246 s 3; 1981 c 356 s 248; 1984 c 604 s 5; 1987 c 384 art 2 s 1; 1989 c 335 art 1 s 142; 1989 c 352 s 8,25; 1990 c 541 s 11,29; 1991 c 199 art 1 s 31; 1993 c 163 art 1 s 17; 1996 c 305 art 1 s 29; 1998 c 386 art 2 s 36; 2005 c 163 s 53; 2009 c 78 art 2 s 17; 2016 c 189 art 7 s 20*

**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.

(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;

(3) community development corporations; and

(4) Tribal economic development entities.

(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, people who are LGBTQ+, 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 professional business development and technical assistance services that support the start-up, growth, and success of Minnesota's entrepreneurs and small business owners.

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

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.

**History:** *2023 c 53 art 15 s 9; 2024 c 120 art 9 s 1,2*

**116J.69 UNIFORM BUSINESS LICENSING POLICY.**

Subdivision 1. **Finding.** The legislature finds that a uniform policy on business licenses is necessary to maintain an adequate level of protection of the public welfare while preventing business licensing from becoming overly burdensome for the citizens and businesses of Minnesota.

Subd. 2. **Policy.** It is the policy of the state of Minnesota that to the extent practicable, when required, a business license:

(1) should be necessary to protect the safety, health or welfare of the citizens of the state or to ensure fair competition, competency in business, responsible financial practices, or other ethical business conduct;

(2) should not duplicate or significantly overlap any other business license;

(3) should be issued and renewed for the longest period possible consistent with the need to review eligibility and compliance with the terms and conditions of the license;

(4) should contain a termination or renewal date determined by the agency to be as convenient as possible for the license holder consistent with clause (3). When an agency issues more than one license to the same business these licenses should have the same calendar renewal date; and

(5) should involve payment of a fee in an amount no greater than specified by statute. If a fee is authorized by statute and set by rule, the fee shall be no greater than necessary to recover the administrative cost of issuing or renewing the license or enforcing its terms and conditions. The fees and conditions may be different for different classes of businesses and for initial issuance and subsequent renewals.

**History:** *1981 c 342 art 2 s 2; 1981 c 356 s 248*

**116J.691** [Renumbered 116O.091]

**116J.692** [Renumbered 116O.092]

**116J.693** MS 2002 [Repealed, 2003 c 128 art 13 s 40]

**116J.70 DEFINITIONS.**

Subdivision 1. **Application.** For the purposes of sections 116J.69 to 116J.71, the terms defined in this section have the meanings given them.

Subd. 2. **Business license.** "Business license" or "license" means any permit, registration, certification, or other form of approval authorized by statute or rule to be issued by any agency or instrumentality of the state of Minnesota as a condition of doing business in Minnesota. The term also includes, when applicable, the substantive and procedural criteria governing the qualifications for, and issuance and maintenance of, a business license.

Subd. 2a. MS 2013 Supp [Repealed, 2014 c 271 art 1 s 3]

**History:** *1981 c 342 art 2 s 3; 1981 c 356 s 248; 1Sp1981 c 4 art 4 s 14; 1982 c 413 s 1; 1983 c 70 s 1; 1983 c 216 art 1 s 23; 1984 c 654 art 5 s 7,58; 1Sp1986 c 3 art 1 s 12; 1990 c 391 art 8 s 28; 1992 c 464 art 1 s 18; 1992 c 507 s 1; 1993 c 232 s 1; 1993 c 245 s 1; 1993 c 366 s 17; 1995 c 186 s 36; 1995 c 205 art 2 s 1; 1997 c 174 art 12 s 70; 1997 c 215 s 3; 1999 c 86 art 1 s 25; 2000 c 260 s 16; 2001 c 109 art 2 s 2; 2003 c 118 s 1; 2004 c 269 art 3 s 1; 2013 c 85 art 2 s 1*

**116J.71 NEW LICENSES.**

Any new business license authorized by the legislature or established by rule after June 2, 1981, shall conform to the policy in section 116J.69.

**History:** *1981 c 342 art 2 s 5; 1981 c 356 s 248*

**116J.72 EXISTING LICENSES.**

Nothing in sections 116J.69 to 116J.71 shall affect the validity of duration of an existing issued license.

**History:** *1981 c 342 art 2 s 6; 1981 c 356 s 248; 1987 c 384 art 2 s 23*

## BUREAU OF BUSINESS LICENSES

**116J.73 BUREAU OF BUSINESS LICENSES; DECLARATION OF PURPOSE.**

It is the intent of the legislature that a program of business license assistance be established to provide a centralized state government office to which business license applicants may obtain comprehensive license information and assistance. The program of business assistance will be directed to commercial business undertakings, projects, and activities rather than to the issuance of licenses for individual privileges, including the occupational licenses for practicing a trade or profession, licenses for operating a motor vehicle, and amateur sporting licenses, including, but not limited to, hunting and fishing.

**History:** *1981 c 342 art 3 s 1; 1981 c 356 s 248*

**116J.74 DEFINITIONS.**

Subdivision 1. **Terms.** For the purposes of sections 116J.73 to 116J.86, the following terms have the meanings given them.

Subd. 2. **Agency.** "Agency" has the meaning given it in section 14.02, subdivision 2.

Subd. 3. **Applicant.** "Applicant" means a person acting personally or authorized to act on behalf of any other person for the purpose of securing a license.

Subd. 4. **Bureau.** "Bureau" means the Bureau of Business Licenses.

Subd. 5. **Commissioner.** "Commissioner" means the commissioner of the Department of Employment and Economic Development.

Subd. 6. **Director.** "Director" means the director of the Bureau of Business Licenses.

Subd. 7. **Business license.** "Business license" or "license" has the meaning given it in section 116J.70, subdivision 2.

Subd. 7a. MS 2012 [Repealed, 2014 c 271 art 2 s 9]

Subd. 8. **Person.** "Person" means any individual, proprietorship, partnership, association, cooperative, corporation, nonprofit organization, state or local government agency, and any other organization required to obtain one or more licenses.

**History:** *1981 c 342 art 3 s 2; 1981 c 356 s 248; 1982 c 424 s 130; 1983 c 289 s 115 subd 1; 1986 c 444; 1987 c 312 art 1 s 26 subd 2; 1Sp2003 c 4 s 1*

**116J.75** MS 2000 [Repealed, 2001 c 200 s 4]

**116J.76 GENERAL FUNCTIONS; POWERS AND DUTIES.**

The bureau, by and through the director or the director's duly authorized employees, shall have the following functions, powers, and duties:

(1) providing comprehensive information on licenses required for business undertakings, projects, and activities in the state and making the information available to applicants and other persons;

(2) providing interested persons with an opinion as to the number, kind, and source of required licenses and potential difficulties in obtaining the licenses, based on a review of a potential applicant's business concept at an early stage in its planning;

(3) developing with the assistance of other departments a master application procedure to expedite the identification and processing of these licenses;

(4) facilitating or recommending consolidation of hearings required pursuant to licensing applications when feasible and advantageous;

(5) encouraging and facilitating the participation of federal and local government agencies in licensing coordination;

(6) making recommendations for eliminating, consolidating, simplifying, expediting, or otherwise improving licensing procedures affecting business undertakings;

(7) serving as an advocate for small business license applicants with state, federal, and local agencies in the process of applying for licenses and complying with licensing standards and requirements; and

(8) adopting rules, procedures, instructions, and forms as are required to carry out the functions, powers, and duties imposed upon the bureau by sections 116J.73 to 116J.86.

**History:** *1981 c 342 art 3 s 4; 1981 c 356 s 248; 1Sp1985 c 13 s 247; 1986 c 444*

**116J.77 ASSISTANCE OF OTHER AGENCIES.**

To effect the purposes of sections 116J.73 to 116J.86, and when requested by the commissioner, an agency shall to the extent practicable provide assistance, services, facilities, and data as will enable the bureau to carry out its functions, powers, and duties.

**History:** *1981 c 342 art 3 s 5; 1981 c 356 s 248*

**116J.78 COMPREHENSIVE LICENSE INFORMATION.**

Subdivision 1. **Reports by agencies.** Not later than 90 days from June 2, 1981, each agency issuing licenses for business undertakings, projects, and activities shall report to the bureau, in a form prescribed

by the bureau, on each and every type of license administered or issued by the agency. Application forms, applicable agency rules, fee schedules, and the estimated time period necessary for license application consideration based on experience and statutory or regulatory requirements shall accompany each report. The reports shall be updated every two years.

Subd. 2. **Report supplementation.** Each agency issuing licenses for business undertakings, projects, and activities shall, subsequent to its report pursuant to subdivision 1, provide the bureau with a report of any new license or modification of any existing license, or licensing procedures, together with applicable forms, rules, and information required under subdivisions 1 and 2 regarding new or modified licenses.

Subd. 3. **Preparation of information file.** The bureau shall prepare an information file on agency license requirements upon receipt of the agency reports and shall develop methods for its maintenance, revision, updating, and ready access.

Subd. 4. **License information provided by bureau.** The bureau shall provide comprehensive license information on the basis of information submitted in subdivisions 1 to 3. The bureau may prepare and distribute publications, guides, and other materials based upon the agency reports and the information file. These materials are designed to serve the convenience of license applicants and explain license requirements affecting business, including requirements having multiple license or multiple agency aspects.

**History:** *1981 c 342 art 3 s 6; 1981 c 356 s 248*

**116J.79 PREAPPLICATION CONFERENCES.**

Subdivision 1. **Requests for conference.** The bureau, at the request of any person, proceeding in accordance with this section, may conduct a preapplication conference, pending the formal submission of application forms, in which affected agencies shall participate to the extent practicable in order to clarify the nature and scope of their interest, to provide guidance regarding license application and review procedures, and to coordinate agency actions and data collection or submission regarding license application.

Subd. 2. **Multiple licenses; agencies to provide review and opinion.** If, in the course of a preapplication conference, it becomes clear in the opinion of the director that a proposed business undertaking: (a) may require multiple licenses from the same or different state departments; (b) will take place in phases over an extended period of time; (c) will involve substantial expense for preparation of detailed plans, specifications and license applications; or (d) is of a new or unique nature, then each affected agency shall, at the request of the director to the extent practicable, provide the applicant with a written review and opinion as to all licenses which the agency would require for the proposed undertaking, the standards and conditions which would have to be met in order to obtain the licenses, timetables involved, and any properly related circumstances or findings.

Subd. 3. **Written opinions; time limits; extensions.** Each agency participating in the review and opinion process shall render the written opinion within a period not exceeding 60 days from the date fixed by the director. This period may be extended by the director at the request of an interested agency for the further consideration of information provided in accordance with this section. The director shall advise the person having requested the review and opinion of the extension, the reasons for it, and the revised period fixed by the director for rendering the written opinion. The person shall be entitled to confer with the bureau and with any agency having been granted an extension of time to ascertain what further information, if any, is required to facilitate the rendering of the review and opinion.

Subd. 4. **Effect of review and opinion procedure.** A preapplication review and opinion shall not relieve the person from the responsibility of obtaining any required licenses and shall be contingent upon the

submission of all detailed plans, specifications, and information required for license applications. An agency's written opinion as to required licenses shall remain in effect indefinitely for the proposed business undertaking, project, or activity as described in the applicant's submission. However, if new license requirements or related standards over which an agency has no control or discretion in establishing subsequently become effective, the new license requirements or standards shall not be considered to have been part of the preapplication review and opinion. The opinion of the agency may be modified or amended by the agency at any time and shall not prohibit the agency from requiring additional licenses as deemed necessary for the applicant.

Subd. 5. **Rules of procedure.** The bureau shall promulgate rules for the procedures to be followed in the conduct of preapplication reviews and opinions.

**History:** *1981 c 342 art 3 s 7; 1981 c 356 s 248*

**116J.80 MASTER APPLICATION PROCEDURE.**

Subdivision 1. **Development and implementation.** The bureau shall develop and implement a master application procedure to expedite the identification and processing of licenses for business undertakings, projects, and activities. A master application shall be made on a form prescribed by the bureau. This form shall request concise and specific information necessary to determine those licenses which are or may be required for the undertaking, project, or activity in order to insure speedy issuance of the licenses when all necessary requirements are met.

Subd. 2. **Bureau assistance in preparing.** Use of the master application procedure shall be at the option of any person proposing a business undertaking, project, or activity. Upon request, the bureau shall assist any person in preparing a master application, describe the procedures involved, and provide other information from the comprehensive license information file as may be helpful or necessary.

Subd. 3. **Receipt of application; notification to agencies.** Upon receipt of a master application the bureau shall immediately notify in writing each agency having a possible interest in the proposed business undertaking, project, or activity with respect to licenses which are or may be required.

Subd. 4. **Agency response.** Each agency so notified shall respond to the bureau within 20 days of receipt of the notice and shall advise the bureau whether one or more licenses under its jurisdiction are or may be required for the business undertaking, project, or activity described in the master application. The response shall specify the licenses which in the opinion of the agency are or may be required, if any, and shall indicate the fees to be charged.

Subd. 5. **Consequences of negative or nonresponses.** Any agency so notified which responds that it does not have an interest in the license requirements of the business undertaking, project, or activity described in the master application, or which does not respond within the time period specified in subdivision 4, shall not require a license for the undertaking, project, or activity described in the master application. Except that where unusual circumstances have prevented an agency from notifying the bureau, and the agency establishes that failure to require a license would result in substantial harm to the public health or welfare, the commissioner may order that the license be required.

Subd. 6. **Failure to provide accurate or pertinent information.** The provisions of subdivision 5 shall not apply if the commissioner of employment and economic development determines that the master application contained false, misleading, or deceptive information, or failed to include pertinent information, the lack of which could reasonably lead an agency to misjudge the applicability of licenses under its

jurisdiction, or if new license requirements or related standards subsequently became effective for which an agency had no discretion in establishing the effective date.

Subd. 7. **Notification to applicant.** The bureau, following the 20 day notice and response period, shall promptly provide the person having submitted a master application with application forms and related information for all licenses specified by the interested agencies and shall advise the person:

(1) that all forms are to be completed and submitted to the interested agencies; and

(2) at the option of the applicant, that the bureau will receive all forms as a package with the fees to be charged, if any, and that the bureau will immediately separate and submit the forms and any allocable fees to the appropriate agencies.

Subd. 8. **Withdrawal of application.** An applicant may withdraw a master application at any time without forfeiture of any license approval applied for or obtained under the master application procedures contained in this section.

**History:** *1981 c 342 art 3 s 8; 1981 c 356 s 248; 1983 c 289 s 115 subd 1; 1987 c 312 art 1 s 26 subd 2; 1Sp2003 c 4 s 1*

**116J.81 LICENSE COORDINATION AND ASSISTANCE TO APPLICANTS.**

Subdivision 1. **Authorization.** Any applicant for licenses required for a business undertaking, project, or activity may confer with the bureau to obtain assistance in the prompt and efficient processing and review of applications.

Subd. 2. **Duties of bureau.** The bureau shall, so far as possible, render assistance; and the director may designate an officer or employee of the bureau to act as an expediter for the purpose of:

(1) facilitating contacts for the applicant with agencies responsible for processing and reviewing license applications;

(2) arranging conferences to clarify the interest and requirements of any agency with respect to license applications;

(3) considering with agencies the feasibility of consolidating hearings and data required of the applicant; and

(4) assisting the applicant in the resolution of outstanding issues identified by agencies, including delays experienced in license review.

**History:** *1981 c 342 art 3 s 9; 1981 c 356 s 248*

**116J.82 CONSOLIDATED HEARINGS.**

Subdivision 1. **Bureau may request.** The bureau may request the Court of Administrative Hearings to consolidate hearings insofar as it is feasible and agreeable to all parties.

Subd. 2. **Rules of procedure.** A consolidated hearing shall be conducted in a manner consistent with sections 14.001 to 14.69, and the applicable rules of the Court of Administrative Hearings.

Subd. 3. **Prehearing conference.** The Court of Administrative Hearings, with the consent of the agencies having license jurisdiction, may provide for a prehearing conference to assist in the disposition of the type,

time, place, and parties of the consolidated hearing, the simplification of the issues, the stipulations as to agreed facts and necessary documents, and other relevant matters.

**History:** *1981 c 342 art 3 s 10; 1981 c 356 s 248; 1982 c 424 s 130; 1987 c 384 art 2 s 1; 1990 c 422 s 10; 2025 c 39 art 2 s 68*

**116J.83 LICENSE AUTHORITY RETAINED.**

Each agency having jurisdiction to approve or deny a license shall have the continuing power vested in it to make such determinations. The provisions of sections 116J.73 to 116J.86 shall not lessen or reduce these powers and shall modify the procedures followed in carrying out these powers only to the extent provided in sections 116J.73 to 116J.86.

**History:** *1981 c 342 art 3 s 11; 1981 c 356 s 248*

**116J.84 SERVICES PROVIDED AT NO CHARGE.**

Services rendered by the bureau shall be made available without charge. Nothing contained in this section shall relieve an applicant of any part of the fees or charges established for the review and approval of license applications or relieve an applicant of any of the apportioned costs of a consolidated hearing conducted under sections 116J.79 and 116J.80.

**History:** *1981 c 342 art 3 s 12; 1981 c 356 s 248*

**116J.85 FEDERAL AND LOCAL GOVERNMENT PARTICIPATION.**

Subdivision 1. **Encouragement.** Federal and local government license agencies shall be encouraged to participate in the business license information, coordination, and assistance services of the bureau and to make information available to applicants through the bureau with respect to any business undertaking, project, or activity which is referred to the bureau under the provisions of sections 116J.73 to 116J.86.

Subd. 2. **Assistance to federal and local agency license applicants.** The bureau shall, so far as is practicable, advise applicants of federal and local agency license requirements and shall maintain an information file on licenses for which the state has delegated issuance authority to local government agencies.

Subd. 3. **Coordination of license review procedures.** The director shall consult with local government officials with respect to cooperation in coordinating state and local license application and review procedures and shall recommend to the governor and the legislature any actions which would facilitate this coordination.

**History:** *1981 c 342 art 3 s 13; 1981 c 356 s 248*

**116J.86 COMPILATION AND MAINTENANCE OF STATISTICAL DATA.**

The bureau shall obtain and keep on an annual basis appropriate statistical data regarding the number of licenses issued by agencies, the amount of time necessary for the licenses to be issued, the cost of obtaining the licenses, the types of projects for which specific licenses are issued, a geographic distribution of licenses issued, and other pertinent data which the director deems appropriate. The bureau shall analyze the data by type of license and by agency responsible and shall make its findings available to the public.

**History:** *1981 c 342 art 3 s 14; 1981 c 356 s 248*

**116J.87** MS 1986 [Repealed, 1987 c 404 s 191]

## ECONOMIC DEVELOPMENT

### 116J.871 FINANCIAL ASSISTANCE LIMITATIONS; PREVAILING WAGE.

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; (2) financial 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 the new construction of fully detached single-family affordable homeownership units for which the financial assistance covers no more than ten fully detached single-family affordable homeownership units. For purposes of this paragraph, "affordable homeownership" means housing targeted at households with incomes, at initial occupancy, at or below 115 percent of the state or area median income, whichever is greater, as determined by the United States Department of Housing and Urban Development.

(c) "Financial assistance" means (1) a grant awarded by a state agency or allocating 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 or allocating 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; or (4) allocations or awards of low-income housing credits by all allocating agencies as provided in section 462A.222, for which tax credits are used for multifamily housing projects consisting of more than ten units. 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 Department of Iron Range Resources and Rehabilitation.

(f) "Allocating agency" has the meaning given in section 462A.221, subdivision 1a.

Subd. 2. **Prevailing wage required.** (a) A state agency or allocating 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. The person receiving or benefiting from the financial assistance is also 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 purposes of complying with section 177.30, paragraph (a), clauses (6) and (7), the state agency or allocating 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 in section 177.30,

paragraph (a), clauses (6) and (7). Each employer shall submit the required information to the contracting authority.

Subd. 3. **Prevailing wage; penalty.** It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under subdivision 2 to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense.

Subd. 4. **Notification.** A state agency or allocating agency shall notify any person applying for financial assistance from the state agency or allocating agency of the requirements under subdivision 2 and of the penalties under subdivision 3.

Subd. 5. **Exception.** Nothing in this section denies any financial assistance granted to or qualified for by a person whose construction, installation, remodeling, or repairs commenced prior to August 1, 1990.

**History:** *1990 c 604 art 10 s 7; 1991 c 322 s 19; 2004 c 206 s 52; 2004 c 228 art 1 s 72; 2005 c 10 art 3 s 5; 2008 c 290 s 2; 2023 c 53 art 1 s 1,2; 2024 c 85 s 15; 2024 c 127 art 9 s 1-3*

**116J.872 ECONOMIC RESPONSE TEAM.**

(a) The department shall operate a fast-action economic response team to contact and work with businesses that are identified as being:

(1) at risk for relocating or expanding outside the state; or

(2) prospects for expansion or relocation within the state.

(b) The fast-action response team must contact identified businesses within 24 hours.

**History:** *2010 c 347 art 1 s 2*

**116J.873** Subdivision 1. MS 1994 [Repealed, 1996 c 452 s 40]

Subd. 2. MS 1994 [Repealed, 1996 c 452 s 40]

Subd. 3. MS 1995 Supp [Repealed, 1996 c 452 s 40]

Subd. 4. MS 1994 [Repealed, 1996 c 452 s 40]

Subd. 5. MS 1995 Supp [Repealed, 1996 c 452 s 40]

**116J.8731 MINNESOTA INVESTMENT FUND.**

Subdivision 1. **Purpose.** The Minnesota investment fund is created to provide financial and technical assistance, through partnership with communities, for the creation of new employment or to maintain existing employment, and for business start-up, expansions, and retention. It shall accomplish these goals by the following means:

(1) creation or retention of permanent private-sector jobs in order to create above-average economic growth consistent with environmental protection, which includes investments in technology and equipment that increase productivity and provide for a higher wage;

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

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

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

(5) improvement of 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; and

(6) stimulation of productivity growth through improved manufacturing or new technologies, including cold weather testing.

Subd. 2. **Administration.** (a) Except as otherwise provided in this section, the commissioner shall administer the fund as part of the Small Cities Development Block Grant Program and funds shall be made available to local communities and recognized Indian Tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant program. All units of general purpose local government are eligible applicants for Minnesota investment funds. The commissioner may provide forgivable loans directly to a private enterprise and not require a local community or recognized Indian Tribal government application other than a resolution supporting the assistance.

(b) 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. A local government entity may receive more than one award in a fiscal year. The commissioner may also make funds available within the department for eligible expenditures under subdivision 3, clause (2).

(c) A home rule charter or statutory city, county, or town may loan or grant money received from repayment of funds awarded under this section to a regional development commission, other regional entity, or statewide community capital fund as determined by the commissioner, to capitalize or to provide the local match required for capitalization of a regional or statewide revolving loan fund.

Subd. 3. **Eligible expenditures.** The money appropriated for this section may be used to:

(1) fund loans or grants for infrastructure, loans, loan guarantees, interest buy-downs, and other forms of participation with private sources of financing, provided that a loan to a private enterprise must be for a principal amount not to exceed one-half of the cost of the project for which financing is sought;

(2) fund strategic investments in renewable energy market development, such as low interest loans for renewable energy equipment manufacturing, training grants to support renewable energy workforce, development of a renewable energy supply chain that represents and strengthens the industry throughout the state, and external marketing to garner more national and international investment into Minnesota's renewable sector. Expenditures in external marketing for renewable energy market development are not subject to the limitations in clause (1); and

(3) provide private entrepreneurs with training, other technical assistance, and financial assistance, as provided in the small cities development block grant program.

Subd. 4. **Eligible projects.** Assistance must be evaluated on the existence 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) increase in the tax base;

(3) the project can demonstrate that investment of public dollars induces private funds;

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

(5) the project provides higher wage levels to the community or will add value to current workforce skills;

(6) the project supports the development of microenterprises, as defined by federal statutes, through financial assistance, technical assistance, advice, or business services;

(7) whether assistance is necessary to retain existing business;

(8) whether assistance is necessary to attract out-of-state business; and

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

A grant or loan cannot be made based solely on a finding that the conditions in clause (7) or (8) exist. A finding must be made that a condition in clause (1), (2), (3), (4), (5), or (6) also exists.

Applications recommended for funding shall be submitted to the commissioner.

Subd. 5. **Grant limits.** A Minnesota investment fund grant may not be approved for an amount in excess of $1,000,000. This limit covers all money paid to complete the same project, whether paid to one or more grant recipients and whether paid in one or more fiscal years. A local community or recognized Indian Tribal government may retain 40 percent, but not more than $100,000, of a Minnesota investment fund grant when it is repaid to the local community or recognized Indian Tribal government by the person or entity to which it was loaned by the local community or Indian Tribal government. Money repaid to the state must be credited to a Minnesota investment revolving loan account in the state treasury. Funds in the account are appropriated to the commissioner and must be used in the same manner as are funds appropriated to the Minnesota investment fund. Funds repaid to the state through existing Minnesota investment fund agreements must be credited to the Minnesota investment revolving loan account effective July 1, 2005. A grant or loan may not be made to a person or entity for the operation or expansion of a casino or a store which is used solely or principally for retail sales. Persons or entities receiving grants or loans must pay each employee 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.

Subd. 6. **Sports facility.** A Minnesota investment fund grant or loan cannot be used for a project related to a sports facility. For the purpose of this subdivision, "sports facility" means a building that has a professional sports team as a principal tenant.

Subd. 7. **Contractual obligation.** A business receiving Minnesota investment fund grants must demonstrate why the grant is necessary for a project and enter into an agreement with the local grantor. The agreement, among other things, must obligate the recipient to pay the minimum compensation set by this section and meet job creation or job enhancement goals. A recipient that breaches the agreement must repay the grant directly to the commissioner. Repayments under this subdivision must be deposited in the Minnesota investment revolving loan account. If the commissioner determines, during the repayment period of a Minnesota investment fund loan, that the project for which the loan was made is in imminent danger of ceasing operations due to financial difficulties, the commissioner may elect to delay loan payments due on the loan for a period of no more than two years. In making a determination about whether a recipient qualifies for possible delay in payments, the commissioner must consider all available information regarding the health of the affected business and the industry in which it operates, the potential for displacement of workers in the event that operations cease, and the likelihood that a delay of payments will provide the business with a reasonable ability to improve its financial condition.

Subd. 8. **Disaster contingency account; repayments.** There is created a Minnesota investment fund disaster contingency account in the special revenue fund. Repayment of loan amounts to the local government unit or development authority under this section shall be forwarded to the commissioner and deposited in the disaster contingency account in the Minnesota investment fund to be appropriated by law for future disaster relief.

Subd. 9. **Requirements for assistance.** (a) All awards under section 12A.07 are subject to the requirements in this subdivision.

(b) Eligible applicants are subject to the following requirements:

(1) Applicants may be any business or nonprofit organization in the area included in the disaster declaration that was directly and adversely affected by the disaster. This includes: businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit organizations, including those nonprofits that provide residential, health care, child care, social, or other services on behalf of the Department of Human Services to residents included in the disaster area.

(2) Business applicants must be organized as a proprietorship, partnership, LLC, or a corporation.

(3) Applicants must have been in operation before the date of the disaster.

(c) Loan funds may be used to assist businesses only in their recovery efforts but are not available to provide relief from economic losses.

(d) Eligible costs may include the following: repair of buildings, leasehold improvements, fixtures and/or equipment, loss of inventory, and cleanup costs.

(e) Ineligible activities include all of the following:

(1) Any applicants not meeting the eligibility requirements outlined in this subdivision are ineligible to receive recovery loan funds.

(2) Funds may not be used for lending or investment operations, land speculation, or any activity deemed illegal by federal, state, or local law or ordinance.

(3) Ineligible costs include but are not limited to: economic injury losses, relocation, management fees, financing costs, franchise fees, debt consolidation, moving costs, refinancing debt existing prior to the date of the disaster, and operating costs.

(f) Loan application: All parties seeking recovery loan funds must file an application with the local unit of government or development authority. Small Business Administration (SBA) application forms may be used. Applications must be transmitted in the form and manner prescribed by the commissioner.

(g) Only completed applications will be reviewed for consideration. Submittal of the following information constitutes a complete application:

(1) Minnesota investment fund recovery loan fund application;

(2) business SBA disaster application, if applicable;

(3) regional development organization or responsible local government application, if applicable;

(4) administrative contact;

(5) business release for local government to review SBA damage assessment/loss verification, if applicable;

(6) proof of loss statement from insurer;

(7) construction cost estimates;

(8) invoices for work completed;

(9) quotes for equipment;

(10) proposed security;

(11) company historical financial statements for the 24 months immediately prior to the application date;

(12) credit check release;

(13) number of jobs to be retained;

(14) wages paid;

(15) amount of loan request;

(16) documentation of damages incurred;

(17) property taxes paid and current;

(18) judgments, liens, agreements, consent decrees, stipulations for settlements, or other such actions which would prevent the applicant from participating in any program administered by the responsible local, state, or regional government;

(19) compliance with all applicable local ordinances and plans;

(20) documentation through financial and tax records that the business was a viable operating entity at the time of the flood;

(21) business tax identification number; and

(22) other documentation as requested.

(h) Incomplete applications will be assigned pending status and the applicant will be informed in writing of the missing documentation.

(i) Applicant eligibility will be determined using criteria enumerated in paragraph (b). A credit check for the company and each of its principal owners may be conducted. An owner's encumbrance report will be completed by the Recorder's Office.

(j) A grant recipient is eligible for assistance provided under this section only after the recipient has claimed all applicable private insurance and the recipient has utilized all other sources of applicable assistance available under the act appropriating funding for the grant.

Subd. 10. **Transfer.** The commissioner may transfer up to $5,000,000 of a fiscal year's appropriation between the Minnesota job creation fund program and Minnesota investment fund to meet business demand.

**History:** *1996 c 452 s 29; 2001 c 102 s 1; 1Sp2001 c 4 art 2 s 2; 2003 c 128 art 13 s 16-19; 1Sp2005 c 1 art 4 s 21; 2008 c 356 s 5; 2009 c 78 art 2 s 18,19; 2010 c 347 art 1 s 3-5; 1Sp2012 c 1 art 1 s 20,21; 1Sp2012 c 2 s 3; 2013 c 85 art 3 s 4-7; 2014 c 312 art 3 s 6; 2017 c 94 art 6 s 2,3; 2024 c 120 art 5 s 1*

**116J.8732 SEED CAPITAL INVESTMENT CREDIT; COMMISSIONER'S RESPONSIBILITIES.**

Subdivision 1. **Scope.** This section establishes rules that businesses must satisfy to qualify for the seed capital investment credit under section 290.06, subdivision 35, and the commissioner's responsibility for certifying the qualifying businesses.

Subd. 2. **Definitions.** (a) For purposes of this section and section 290.06, subdivision 35, the following terms have the meanings given.

(b) "Border city" means a city qualifying to designate a border city development zone under section 469.1731.

(c) "Pass-through entity" means a corporation that for the applicable tax year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(d) "Primary sector business" means a qualified business that through the employment of knowledge or labor adds value to a product, process, or service and increases revenues to a Minnesota business generated by sales of products or services to customers outside of the state or increases revenues to a qualified business the customers of which previously were unable to acquire, or had limited availability of the product or service from a Minnesota provider.

(e) "Qualified business" means a business certified by the commissioner as meeting the requirements of subdivision 3.

Subd. 3. **Qualified business.** (a) The commissioner shall certify whether a business that has requested to become a qualified business meets the requirements of paragraph (b).

(b) For purposes of this section, a qualified business must be a primary sector business, other than a real estate investment trust, that:

(1) is incorporated or its satellite operation is incorporated as a for-profit corporation or is a partnership, limited partnership, limited liability company, limited liability partnership, or joint venture;

(2) is in compliance with the requirements for filings with the commissioner of commerce under the securities laws of this state;

(3) has Minnesota residents as a majority of its employees in its principal office or the satellite operation, which is located in a border city;

(4) has its principal office in a border city and has the majority of its business activity performed in a border city, except sales activity, or has a significant operation in a border city that has or is projected to have more than ten employees or $150,000 of sales annually; and

(5) relies on innovation, research, or the development of new products and processes in its plans for growth and profitability.

(c) The commissioner shall establish the necessary forms and procedures for certifying qualified businesses.

(d) A qualified business may apply to the commissioner for a recertification. Only one recertification is available to a qualified business. The application for recertification must be filed with the commissioner within 90 days before the original certification expiration date. The recertification issued by the director must comply with the provisions of paragraph (e).

(e) The commissioner shall issue a certification letter to a business the commissioner determines is a qualified business. The certification letter must include:

(1) the certification effective date; and

(2) the certification expiration date, which may not be more than four years from the certification effective date.

Subd. 4. **Seed capital investment credit reporting.** Within 30 days after the date that an investment in a qualified business is purchased, the qualified business shall file with the commissioner and the commissioner of revenue and provide to the investor completed forms prescribed by the commissioner of revenue that show as to each investment in the qualified business the following:

(1) the name, address, and Social Security number of the taxpayer who made the investment; and

(2) the dollar amount paid for the investment by the taxpayer.

**History:** *2008 c 366 art 5 s 1*

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

Subdivision 1. **Establishment.** The Minnesota Expanding Opportunity Fund Program is established to capitalize Minnesota nonprofit corporations, Tribal economic development entities, and community development financial institutions 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, Tribal economic development entities, and community development financial institutions to enable nonprofit corporations, Tribal economic development entities, and community development financial institutions 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.** (a) The eligible nonprofit corporation, Tribal economic development entity, or community development financial institution 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, Tribal economic development entities, and community development financial institutions that apply to participate in the Minnesota Expanding Opportunity Fund Program. The commissioner shall evaluate applications from applicant nonprofit corporations, Tribal economic development entities, and community development financial institutions. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation, Tribal economic development entity, or community development financial institution:

(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. **Minnesota expanding opportunity account.** (a) A Minnesota expanding opportunity account is created in the special revenue fund in the state treasury. Money in the account is appropriated to the commissioner for revolving loans to nonprofit corporations, Tribal economic development entities, and community development financial institutions for the purpose of increasing nonprofit corporation capital and lending activities with Minnesota small businesses.

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

(c) All loan repayments must be paid into the Minnesota expanding opportunity account created in this section to fund additional loans.

Subd. 5. **Loan portfolio administration.** (a) The fee or interest rate charged by a nonprofit corporation, Tribal economic development entity, or community development financial institution for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus two percent, with a maximum of ten percent. A nonprofit corporation, Tribal economic development entity, or community development financial institution 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, Tribal economic development entity, or community development financial institution may retain all earnings from fees and interest from loans to small businesses.

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

Subd. 6. **Cooperation.** A nonprofit corporation, Tribal economic development entity, or community development financial institution 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, Tribal economic development entity, or community development financial institution 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, Tribal economic development entity, or community development financial institution 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.

**History:** *2023 c 53 art 15 s 10; 2024 c 120 art 9 s 3; 1Sp2025 c 6 art 4 s 4*

**116J.8737 SMALL BUSINESS INVESTMENT TAX CREDIT.**

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) $10,000 in a calendar year by a qualified investor;

(2) $7,500 in a calendar year by a qualified investor in qualified greater Minnesota businesses, or veteran-owned, minority-owned, or women-owned businesses in Minnesota; or

(3) $30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

(h) "Intern" means a student of an accredited institution of higher education, or a former student who has graduated in the past six months from an accredited institution of higher education, who is employed by a qualified small business in a nonpermanent position for a duration of nine months or less that provides training and experience in the primary business activity of the business.

(i) "Liquidation event" means a conversion of qualified investment for cash, cash and other consideration, or any other form of equity or debt interest.

(j) "Qualified greater Minnesota business" means a qualified small business that is also certified by the commissioner as a qualified greater Minnesota business under subdivision 2, paragraph (h).

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

(l) "Minority-owned business" means a business for which one or more minority group members:

(1) own at least 50 percent of the business, or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

(m) "Women" means persons of the female gender.

(n) "Women-owned business" means a business for which one or more women:

(1) own at least 50 percent of the business, or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

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

(p) "Veteran-owned business" means a business for which one or more veterans:

(1) own at least 50 percent of the business, or, in the case of a publicly owned business, own at least 51 percent of the stock; and

(2) manage the business and control the daily business operations.

(q) "Officer" means a person elected or appointed by the board of directors to manage the daily operations of the qualified small business.

(r) "Principal" means a person having authority to act on behalf of the qualified small business.

Subd. 2. **Certification of qualified small businesses.** (a) Businesses may apply to the commissioner for certification as a qualified small business or qualified greater Minnesota small business for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of $150. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. Applications for certification must be made available on the department's website by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the business as satisfying the conditions required of a qualified small business or qualified greater Minnesota small business, request additional information from the business, or reject the application for certification. If the commissioner requests additional information from the business, the commissioner

must either certify the business or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the business nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the $150 application fee. A business that applies for certification and is rejected may reapply.

(c) To receive certification as a qualified small business, a business must satisfy all of the following conditions:

(1) the business has its headquarters in Minnesota;

(2) at least:

(i) 51 percent of the business's employees are employed in Minnesota;

(ii) 51 percent of the business's total payroll is paid or incurred in the state; and

(iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in Minnesota, unless the business obtains a waiver under paragraph (i);

(3) the business is engaged in, or is committed to engage in, innovation in Minnesota in one of the following as its primary business activity:

(i) using proprietary technology to add value to a product, process, or service in a qualified high-technology field;

(ii) researching or developing a proprietary product, process, or service in a qualified high-technology field;

(iii) researching or developing a proprietary product, process, or service in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation; or

(iv) researching, developing, or producing a new proprietary technology for use in the fields of agriculture, tourism, forestry, mining, manufacturing, or transportation;

(4) other than the activities specifically listed in clause (3), the business is not 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;

(5) the business has fewer than 25 employees;

(6) the business must pay its employees annual wages of at least 175 percent of the federal poverty guideline for the year for a family of four and must pay its interns annual wages of at least 175 percent of the federal minimum wage used for federally covered employers, except that this requirement must be reduced proportionately for employees and interns who work less than full-time, and does not apply to an executive, officer, or member of the board of the business, or to any employee who owns, controls, or holds power to vote more than 20 percent of the outstanding securities of the business;

(7) the business has (i) not been in operation for more than ten years, or (ii) not been in operation for more than 20 years if the business is engaged in the research, development, or production of medical devices

or pharmaceuticals for which United States Food and Drug Administration approval is required for use in the treatment or diagnosis of a disease or condition;

(8) the business has not previously received private equity investments of more than $4,000,000;

(9) the business is not an entity disqualified under section 80A.50, paragraph (b), clause (3); and

(10) the business has not issued securities that are traded on a public exchange.

(d) In applying the limit under paragraph (c), clause (5), the employees in all members of the unitary business, as defined in section 290.17, subdivision 4, must be included.

(e) In order for a qualified investment in a business to be eligible for tax credits:

(1) the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made;

(2) the business must not have issued securities that are traded on a public exchange;

(3) the business must not issue securities that are traded on a public exchange within 180 days after the date on which the qualified investment was made; and

(4) the business must not have a liquidation event within 180 days after the date on which the qualified investment was made.

(f) The commissioner must maintain a list of qualified small businesses and qualified greater Minnesota businesses certified under this subdivision for the calendar year and make the list accessible to the public on the department's website.

(g) For purposes of this subdivision, the following terms have the meanings given:

(1) "qualified high-technology field" includes aerospace, agricultural processing, renewable energy, energy efficiency and conservation, environmental engineering, food technology, cellulosic ethanol, information technology, materials science technology, nanotechnology, telecommunications, biotechnology, medical device products, pharmaceuticals, diagnostics, biologicals, chemistry, veterinary science, and similar fields;

(2) "proprietary technology" means the technical innovations that are unique and legally owned or licensed by a business and includes, without limitation, those innovations that are patented, patent pending, a subject of trade secrets, or copyrighted; and

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

(h) To receive certification as a qualified greater Minnesota business, a business must satisfy all of the requirements of paragraph (c) and must satisfy the following conditions:

(1) the business has its headquarters in greater Minnesota; and

(2) at least:

(i) 51 percent of the business's employees are employed in greater Minnesota;

(ii) 51 percent of the business's total payroll is paid or incurred in greater Minnesota; and

(iii) 51 percent of the total value of all contractual agreements to which the business is a party in connection with its primary business activity is for services performed under contract in greater Minnesota, unless the business obtains a waiver under paragraph (i).

(i) The commissioner must exempt a business from the requirement under paragraph (c), clause (2), item (iii), if the business certifies to the commissioner that the services required under a contract in connection with the primary business activity cannot be performed in Minnesota if the business otherwise qualifies as a qualified small business, or in greater Minnesota if the business otherwise qualifies as a qualified greater Minnesota business. The business must submit the certification required under this paragraph every six months from the month the exemption was granted. The exemption allowed under this paragraph must be submitted in a form and manner prescribed by the commissioner.

Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of $350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. Applications for certification must be made available on the department's website by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification. If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the $350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must (1) be a natural person; and (2) certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), in a security exempt under section 80A.461, or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the commissioner for certification as a qualified fund for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of $1,000. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. Applications for certification must be made available by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the fund as satisfying the conditions required of a qualified fund, request additional information from the fund, or reject the application for certification. If the commissioner requests additional information from the fund, the commissioner must either certify the fund or reject the application within 30

days of receiving the additional information. If the commissioner neither certifies the fund nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the $1,000 application fee. A fund that applies for certification and is rejected may reapply.

(c) To receive certification, a fund must:

(1) invest or intend to invest in qualified small businesses;

(2) be organized as a pass-through entity; and

(3) have at least three separate investors, of whom at least three whose investment is made in the certified business and who seek a tax credit allocation satisfy the conditions in subdivision 3, paragraph (c).

(d) Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both.

(e) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified fund that makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment.

Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate to qualified investors or qualified funds more than the dollar amount in credits allowed for the taxable years listed in paragraph (i). For each taxable year, 50 percent must be allocated to credits for qualified investments in qualified greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota. Any portion of a taxable year's credits that is reserved for qualified investments in greater Minnesota businesses and minority-owned, women-owned, or veteran-owned qualified small businesses in Minnesota that is not allocated by September 30 of the taxable year is available for allocation to other credit applications beginning on October 1. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is $250,000, and for all other filers the maximum is $125,000. The commissioner may not allocate more than a total of $1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if, at the time the investment is proposed:

(1) the investor is an officer or principal of the qualified small business; or

(2) the investor, either individually or in combination with one or more members of the investor's family, owns, controls, or holds the power to vote 20 percent or more of the outstanding securities of the qualified small business.

A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the

investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits must be made available on the department's website by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

(1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;

(2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;

(3) the qualified small business is sold before the end of the three-year period;

(4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period; or

(5) the qualified investor dies before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under this section.

(i) The credit allowed under this subdivision is effective as follows:

(1) $10,000,000 for taxable years beginning after December 31, 2020, and before January 1, 2022; and

(2) $5,000,000 for taxable years beginning after December 31, 2021, and before January 1, 2025.

Subd. 5a. **Promotion of credit in greater Minnesota.** (a) By July 1, 2014, the commissioner shall develop a plan to increase awareness of and use of the credit for investments in qualified greater Minnesota businesses and minority-owned and women-owned qualified small businesses with the goal that the portion of the credit reserved for investments in qualified greater Minnesota businesses and minority-owned and women-owned qualified small businesses is allocated in full to those investments.

(b) Beginning with the legislative report due on March 15, 2015, under subdivision 9, the commissioner shall report on its plan under this subdivision and the results achieved.

Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business that received an investment that qualified for a credit, and each qualified investor and qualified fund that made an investment that qualified for a credit, must submit an annual report to the commissioner and pay a filing fee of $100 as required under this subdivision. Each qualified investor and qualified fund must submit reports for three years following each year in which it made an investment that qualified for a credit, and each qualified small business must submit reports for five years following the year in which it received an investment qualifying for a credit. Reports must be made in the form required by the commissioner. All filing fees collected are deposited in the small business investment tax credit administration account in the special revenue fund.

(b) A report from a qualified small business must certify that the business satisfies the following requirements:

(1) the business has its headquarters in Minnesota;

(2) at least 51 percent of the business's employees are employed in Minnesota, and 51 percent of the business's total payroll is paid or incurred in the state;

(3) that the business is engaged in, or is committed to engage in, innovation in Minnesota as defined under subdivision 2; and

(4) that the business meets the payroll requirements in subdivision 2, paragraph (c), clause (6).

(c) Reports from qualified investors must certify that the investor remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(d) Reports from qualified funds must certify that the fund remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(e) A qualified small business that ceases all operations and becomes insolvent must file a final annual report in the form required by the commissioner documenting its insolvency. In following years the business is exempt from the annual reporting requirement, the report filing fee, and the fine for failure to file a report.

(f) A qualified small business, qualified investor, or qualified fund that fails to file an annual report by February 1 as required under this subdivision is subject to a $100 fine.

(g) A qualified investor or qualified fund that fails to file an annual report by April 1 may, at the commissioner's discretion, have any credit allocated and certified to the investor or fund revoked and such credit must be repaid by the investor.

(h) A qualified business that fails to file an annual report by April 1 may, at the commissioner's discretion, be subject to the credit repayment provisions in subdivision 7, paragraph (b).

Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a qualified investor or qualified fund did not meet the three-year holding period required in subdivision 5, paragraph (g), any credit allocated and certified to the investor or fund is revoked and must be repaid by the investor.

(b) If the commissioner determines that a business did not meet the employment and payroll requirements in subdivision 2, paragraph (c), clause (2), or paragraph (h), as applicable, in any of the five calendar years following the year in which an investment in the business that qualified for a tax credit under this section was made, the business must repay the following percentage of the credits allowed for qualified investments in the business:

| Year following the year in which the investment was made: | Percentage of credit required to be repaid: |
|---|---|
| First | 100% |
| Second | 80% |
| Third | 60% |
| Fourth | 40% |
| Fifth | 20% |
| Sixth and later | 0 |

(c) The commissioner must notify the commissioner of revenue of every credit revoked and subject to full or partial repayment under this section.

(d) For the repayment of credits allowed under this section and section 290.0692, a qualified small business, qualified investor, or investor in a qualified fund must file an amended return with the commissioner of revenue and pay any amounts required to be repaid within 30 days after becoming subject to repayment under this section.

Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on individuals, as defined in section 13.02, subdivision 9 or 12, except that the following data items are public:

(1) the name, mailing address, telephone number, email address, contact person's name, and industry type of a qualified small business upon approval of the application and certification by the commissioner under subdivision 2;

(2) the name of a qualified investor upon approval of the application and certification by the commissioner under subdivision 3;

(3) the name of a qualified fund upon approval of the application and certification by the commissioner under subdivision 4;

(4) for credit certificates issued under subdivision 5, the amount of the credit certificate issued, amount of the qualified investment, the name of the qualified investor or qualified fund that received the certificate, and the name of the qualified small business in which the qualified investment was made;

(5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and the name of the qualified investor or qualified fund; and

(6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount revoked and the name of the qualified small business.

(b) The following data, including data classified as nonpublic or private, must be provided to the consultant for use in conducting the program evaluation under subdivision 10:

(1) the commissioner of employment and economic development shall provide data contained in an application for certification received from a qualified small business, qualified investor, or qualified fund, and any annual reporting information received on a qualified small business, qualified investor, or qualified fund; and

(2) the commissioner of revenue shall provide data contained in any applicable tax returns of a qualified small business, qualified investor, or qualified fund.

Subd. 9. **Report to legislature.** Beginning in 2011, the commissioner must annually report by March 15 to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes and economic development in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on the tax credits issued under this section. The report must include:

(1) the number and amount of the credits issued;

(2) the recipients of the credits;

(3) for each qualified small business or qualified greater Minnesota business, its location, line of business, and if it received an investment resulting in certification of tax credits;

(4) the total amount of investment in each qualified small business resulting in certification of tax credits;

(5) for each qualified small business that received investments resulting in tax credits, the total amount of additional investment that did not qualify for the tax credit;

(6) the number and amount of credits revoked under subdivision 7;

(7) the number and amount of credits that are no longer subject to the three-year holding period because of the exceptions under subdivision 5, paragraph (g), clauses (1) to (4); and

(8) any other information relevant to evaluating the effect of these credits.

Subd. 10. MS 2018 [Repealed, 2019 c 50 art 1 s 130]

Subd. 11. **Appropriations.** Amounts in the small business investment tax credit administration account in the special revenue fund are appropriated to the commissioner of employment and economic development for costs associated with certifying applications and refunding application fees as provided in subdivisions 2, 3, and 4, and for personnel and administrative expenses related to administering the small business investment tax credit in this section.

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, 2024, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through 2026 for qualified investors and qualified funds, and through 2028 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through 2024, and the appropriation in subdivision 11 remains in effect through 2028.

**History:** *2010 c 216 s 2; 2010 c 389 art 3 s 19; 2011 c 112 art 11 s 2-4; 2013 c 143 art 6 s 1-3; 2014 c 150 art 1 s 1-6; 2014 c 308 art 4 s 1-3; 2016 c 189 art 7 s 21; art 13 s 26-28; 1Sp2019 c 6 art 2 s 1-7; 1Sp2019 c 12 s 2; 2020 c 83 art 1 s 21,22; 1Sp2021 c 14 art 1 s 1,2; 2023 c 64 art 1 s 6,7,51*

**116J.8738 QUALIFIED EXPANSIONS OF GREATER MINNESOTA BUSINESSES.**

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

(b) "Agricultural processing facility" means one or more facilities or operations that transform, package, sort, or grade livestock or livestock products, agricultural commodities, or plants or plant products into goods that are used for intermediate or final consumption including goods for nonfood use, and surrounding property.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or any other entity engaged in operating a trade or business located in greater Minnesota.

(d) "City" means a statutory or home rule charter city.

(e) "Greater Minnesota" means the area of the state that excludes the metropolitan area, as defined in section 473.121, subdivision 2.

(f) "Qualified business" means a business that satisfies the requirements of subdivision 2, has been certified under subdivision 3, and has not been terminated under subdivision 5.

Subd. 2. **Qualified business.** (a) A business is a qualified business if it satisfies the requirement of this paragraph and is not disqualified under the provisions of paragraph (b). To qualify, the business must:

(1) have operated its trade or business in a city or cities in greater Minnesota for at least one year before applying under subdivision 3;

(2) pay or agree to pay in the future each employee compensation, including benefits not mandated by law, that on an annualized basis equal at least 120 percent of the federal poverty level for a family of four;

(3) plan and agree to expand its employment in one or more cities in greater Minnesota by the minimum number of employees required under subdivision 3, paragraph (c); and

(4) have received certification from the commissioner under subdivision 3 that it is a qualified business.

(b) A business is not a qualified business if it is either:

(1) primarily engaged in making retail sales to purchasers who are physically present at the business's location or locations in greater Minnesota;

(2) a public utility, as defined in section 336B.01; or

(3) 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.

(c) The requirements in paragraph (a) that the business's operations and expansion be located in a city do not apply to an agricultural processing facility or a project designed to qualify under section 41A.20.

Subd. 3. **Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. Application fees are deposited in the greater Minnesota business expansion administration account in the special revenue fund. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility or a project designed to qualify under section 41A.20 located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

(b) The commissioner shall certify each business as a qualified business that:

(1) satisfies the requirements of subdivision 2;

(2) the commissioner determines would not expand its operations in greater Minnesota without the tax incentives available under subdivision 4; and

(3) enters a business subsidy agreement with the commissioner that pledges to satisfy the minimum expansion requirements of paragraph (c) within three years or less following execution of the agreement.

The commissioner must act on an application within 90 days after its filing. Failure by the commissioner to take action within the 90-day period is deemed approval of the application.

(c) The business must increase the number of full-time equivalent employees in greater Minnesota from the time the business subsidy agreement is executed by two employees or ten percent, whichever is greater.

(d) The city, or a county for an agricultural processing facility or a project designed to qualify under section 41A.20 located outside the boundaries of a city, in which the business proposes to expand its operations may file comments supporting or opposing the application with the commissioner. The comments must be filed within 30 days after receipt by the city or county of the application and may include a notice of any contribution the city or county intends to make to encourage or support the business expansion, such as the use of tax increment financing, property tax abatement, additional city or county services, or other financial assistance.

(e) Certification of a qualified business is effective for the seven-year period beginning on the first day of the calendar month immediately following the date that the commissioner informs the business of the award of the benefit unless the qualified business is investing at least $200,000,000 over a ten-year period. Certification for a qualified business investing at least $200,000,000 over a ten-year period is effective for the ten-year period beginning on the first day of the calendar month immediately following the date that the commissioner informs the business of the award of the benefit.

Subd. 4. **Available tax incentives.** A qualified business is entitled to a sales tax exemption, up to $5,000,000 annually and $40,000,000 during the total period of the agreement, as provided in section 297A.68, subdivision 44, for purchases made during the period the business was certified as a qualified

business under this section. The commissioner has discretion to set the maximum amounts of the annual and total sales tax exemption allowed for each qualifying business as part of the business subsidy agreement.

Subd. 5. **Termination of status as a qualified business.** (a) The commissioner shall put in place a system for monitoring and ensuring that each certified business meets within three years or less the minimum expansion requirement in its business subsidy agreement and continues to satisfy those requirements for the rest of the duration of the certification under subdivision 3. This system must include regular reporting by the business to the commissioner of its baseline and current employment levels and any other information the commissioner determines may be useful to ensure compliance and for legislative evaluation of the effectiveness of the tax incentives.

(b) A business ceases to be a qualified business and to qualify for the sales tax exemption under section 297A.68, subdivision 44, under this subdivision upon the earlier of the following dates:

(1) the end of the duration of its designation under subdivision 3, paragraph (e), effective as provided under this subdivision or other provision of law for the tax incentive; or

(2) the date the commissioner finds that the business has breached its business subsidy agreement and failed to satisfy the minimum expansion required by subdivision 3 and its agreement.

(c) A business may contest the commissioner's finding that it breached its business subsidy agreement under paragraph (b), clause (2), under the contested case procedures in the Administrative Procedure Act, chapter 14.

(d) The commissioner, after consulting with the commissioner of revenue, may waive a breach of the business subsidy agreement and permit continued receipt of tax incentives, if the commissioner determines that termination of the tax incentives is not in the best interest of the state or the local government units and the business's breach of the agreement is a result of circumstances beyond its control including, but not limited to:

(1) a natural disaster;

(2) unforeseen industry trends;

(3) a decline in economic activity in the overall or greater Minnesota economy; or

(4) loss of a major supplier or customer of the business.

Subd. 6. **Funds.** Amounts in the greater Minnesota business expansion administration account in the special revenue fund are appropriated to the commissioner of employment and economic development for costs associated with processing applications under subdivisions 3, 4, and 5, and for personnel and administrative expenses related to administering the greater Minnesota business expansion program.

**History:** *2013 c 143 art 8 s 1; 2014 c 308 art 3 s 1-3; 1Sp2015 c 1 art 2 s 3,4; 1Sp2017 c 1 art 3 s 2,3; 1Sp2017 c 8 art 2 s 6,7*

**116J.874** Subdivision 1. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 2. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 3. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 4. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 5. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 6. MS 1994 [Repealed, 1995 c 224 s 126]

**116J.8745 MICROENTERPRISE ENTREPRENEURIAL ASSISTANCE.**

Subdivision 1. **Technical assistance.** The commissioner of employment and economic development shall make grants to nonprofit organizations to provide technical assistance to individuals to support the startup and growth of self-employment and microbusinesses. Eligible businesses are microenterprises employing under five people plus the owner and requiring under $25,000 or no capital to start or expand the business.

Subd. 2. **Grant eligibility and allocation.** Nonprofit organizations must apply for grants under this section following procedures established by the commissioner. To be eligible for a grant, an organization must demonstrate to the commissioner that it has the appropriate expertise. The commissioner shall give preference for grants to organizations that target nontraditional entrepreneurs such as women, members of a minority, low-income individuals, or persons seeking work who are currently on or recently removed from welfare assistance.

An application must include:

(1) the local need for microenterprise support;

(2) proposed criteria for business eligibility;

(3) proposals for identifying and serving eligible businesses;

(4) a description of technical assistance to be provided to eligible businesses;

(5) proposals to coordinate technical assistance with financial assistance;

(6) a demonstration of ability to collaborate with other agencies including educational and financial institutions; and

(7) project goals identifying the number of eligible businesses to be assisted with the state funds awarded under the grant.

Subd. 3. **Grant evaluations.** Grant recipients must report to the commissioner by February 1 in each of the two years succeeding the year of receipt of the grant. The report must detail the number of customers served, the number of businesses started, stabilized, or expanded, the number of jobs created and retained, and business success rates. The commissioner shall report to the legislature on the microenterprise entrepreneurial assistance. The report shall contain an evaluation of the results, recommendations to continue or change the program, and a suggested level of funding.

**History:** *1997 c 200 art 1 s 55; 1999 c 223 art 2 s 26,27; 1Sp2003 c 4 s 1*

**116J.8747 JOB TRAINING PROGRAM GRANT.**

Subdivision 1. **Grant allowed.** The commissioner may provide a grant to a qualified job training program from money appropriated for the purposes of this section as follows:

(1) an $11,000 placement grant paid to a job training program upon placement in employment of a qualified graduate of the program; and

(2) an $11,000 retention grant paid to a job training program upon retention in employment of a qualified graduate of the program for at least one year.

Subd. 2. **Qualified job training program.** To qualify for grants under this section, a job training program must satisfy the following requirements:

(1) the program must be operated by a nonprofit corporation that qualifies under section 501(c)(3) of the Internal Revenue Code;

(2) the program may spend up to $5,500 in total training per participant;

(3) the program must provide education and training in:

(i) basic skills, such as reading, writing, financial literacy, digital literacy, mathematics, and communications;

(ii) long-term plans for success including participant coaching for two years after placement;

(iii) soft skills, including skills critical to success on the job; and

(iv) access to internships, technology training, personal and emotional intelligence skill development, and other support services;

(4) the program may provide income supplements not to exceed $2,000 per participant, when needed, to participants for housing, counseling, tuition, and other basic needs;

(5) individuals served by the program must be 18 years of age or older as of the date of enrollment, and have household income in the six months immediately before entering the program that is 200 percent or less of the federal poverty guideline for Minnesota, based on family size; and

(6) the program must be certified by the commissioner of employment and economic development as meeting the requirements of this subdivision.

Subd. 3. **Graduation and retention grant requirements.** For purposes of a placement grant under this section, a qualified graduate is a graduate of a job training program qualifying under subdivision 2 who is placed in a job in Minnesota that pays at least the current state minimum wage. To qualify for a retention grant under this section for a retention fee, a job in which the graduate is retained must pay at least the current state minimum wage.

Subd. 4. **Duties of program.** (a) A program certified by the commissioner under subdivision 2 must comply with the requirements of this subdivision.

(b) A program must maintain records for each qualified graduate. The records must include information sufficient to verify the graduate's eligibility under this section, identify the employer, and describe the job including its compensation rate and benefits.

(c) A program is subject to the reporting requirements under section 116L.98.

**History:** *2003 c 128 art 13 s 20; 1Sp2003 c 4 s 1; 1Sp2005 c 1 art 4 s 22; 2016 c 189 art 7 s 22,23; 2018 c 129 s 1,2; 2020 c 91 s 1,2*

**116J.8748 MINNESOTA JOB CREATION FUND.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms 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 local government and 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 entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees under paragraphs (g) and (h) are or will be employed and also includes construction materials, services, and supplies, and the purchase and installation of equipment and machinery as provided under subdivision 4, paragraph (b), clause (5).

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 2. **Application.** (a) In order to qualify for designation as a Minnesota job creation fund business under subdivision 3, a business must submit an application to the local government entity where the facility is or will be located.

(b) A local government must submit the business application along with other application materials to the commissioner for approval.

(c) The applications required under paragraphs (a) and (b) must be in the form and be made under the procedures specified by the commissioner.

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 equivalent employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time equivalent 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 100 full-time equivalent employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, 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 full-time equivalent 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.

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 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 100 new full-time equivalent employees in the metropolitan area as defined in section 200.02, subdivision 24, or at least $10,000,000 in capital investment and 50 new full-time equivalent 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 100 retained full-time equivalent employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, or at least $10,000,000 in capital investment, which may include the installation and purchase of machinery and equipment, and 50 retained full-time equivalent 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 full-time equivalent job retained 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 equivalent 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 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 equivalent 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.

Subd. 5. **Capital investment rebate.** (a) A qualified Minnesota job creation fund business is eligible for a rebate on the purchase and use of construction materials, services, and supplies used for or consumed in the construction project as described in the goals under the agreement provided under subdivision 1, paragraph (b).

(b) The rebate under this subdivision applies regardless of whether the purchases are made by the qualified Minnesota job creation fund business or a contractor hired to perform work or provide services at the qualified Minnesota job creation fund business location.

(c) Minnesota job creation fund businesses seeking the rebate for capital investment provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner of each department.

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new full-time equivalent 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; $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 full-time equivalent 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.

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

(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.

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.

Subd. 7. **Rulemaking.** (a) If the commissioner's policies, procedures, or other statements are rules, as defined in section 14.02, subdivision 4, the requirements in either paragraph (b) or (c) apply, as applicable.

(b) Effective upon enactment until January 1, 2015:

(1) the commissioner shall publish notice of proposed rules in the State Register after complying with section 14.07, subdivision 2;

(2) interested parties have 21 days to comment on the proposed rules. The commissioner must consider comments it receives. After the commissioner has considered all comments and has complied with section 14.07, subdivision 2, the commissioner shall publish notice of the final rule in the State Register;

(3) if the adopted rules are the same as the proposed rules, the notice shall state that the rules have been adopted as proposed and shall cite the prior publication. If the adopted rules differ from the proposed rules, the portions of the adopted rules that differ from the proposed rules shall be included in the notice of adoption, together with a citation to the prior State Register that contained the notice of the proposed rules; and

(4) rules published in the State Register before January 1, 2014, take effect upon publication of the notice. Rules published in the State Register on and after January 1, 2014, take effect 30 days after publication of the notice.

(c) Beginning January 1, 2015, the commissioner may adopt rules to implement any provisions in this section using the expedited rulemaking process in section 14.389.

(d) The notice of proposed rules required in paragraph (b) must provide information as to where the public may obtain a copy of the rules. The commissioner shall post the proposed rules on the department website at the same time the notice is published in the State Register.

**History:** *2013 c 85 art 3 s 8; 2017 c 94 art 6 s 4-7; 2023 c 53 art 15 s 11-14; 2024 c 120 art 5 s 2-5*

**116J.8749 MAIN STREET ECONOMIC REVITALIZATION PROGRAM.**

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

(b) "Borrower" means an eligible recipient receiving a loan guaranteed under this section.

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

(d) "Eligible project" means the development, redevelopment, demolition, site preparation, predesign, design, engineering, repair, or renovation of real property or capital improvements. Eligible projects must be designed to address the greatest economic development and redevelopment needs that have arisen in the community surrounding that real property since March 15, 2020. Eligible project includes but is not limited to the construction of buildings, infrastructure, and related site amenities, landscaping, or street-scaping. Eligible project does not include the purchase of real estate or business operations or business operating expenses, such as inventory, wages, or working capital.

(e) "Eligible recipient" means a:

(1) business;

(2) nonprofit organization; or

(3) developer

that is seeking funding to complete an eligible project. Eligible recipient does not include a partner organization or a local unit of government.

(f) "Guaranteed loan" means a loan guaranteed by the state for 80 percent of the loan amount for a maximum period of 15 years from the origination of the loan.

(g) "Leveraged grant" means a grant that is matched by the eligible recipient's commitment to the eligible project of nonstate funds at a level of 200 percent of the grant amount. The nonstate match may include but is not limited to funds contributed by a partner organization and insurance proceeds.

(h) "Loan guarantee trust fund" means a dedicated account established under this section for the purpose of compensation for defaulted loan guarantees.

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

(1) foundations engaged in economic development;

(2) community development financial institutions; and

(3) community development corporations.

(j) "Program" means the Main Street Economic Revitalization Program under this section.

(k) "Subordinated loan" means a loan secured by a lien that is lower in priority than one or more specified other liens.

Subd. 2. **Establishment.** The commissioner shall establish the Main Street Economic Revitalization Program to make grants to partner organizations to fund leveraged grants and guaranteed loans to specific named eligible recipients for eligible projects that are designed to address the greatest economic development and redevelopment needs that have arisen in the surrounding community since March 15, 2020.

Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to partner organizations to provide leveraged grants and guaranteed loans to eligible recipients using criteria, forms, applications, and reporting requirements developed by the commissioner.

(b) To be eligible for a grant, a partner organization must:

(1) outline a plan to provide leveraged grants and guaranteed loans to eligible recipients for specific eligible projects that represent the greatest economic development and redevelopment needs in the surrounding community. This plan must include an analysis of the economic impact of the eligible projects the partner organization proposes to make these investments in;

(2) establish a process of ensuring there are no conflicts of interest in determining awards under the program; and

(3) demonstrate that the partner organization has raised funds for the specific purposes of this program to commit to the proposed eligible projects or will do so within the 15-month period following the encumbrance of funds. Existing assets and state or federal funds may not be used to meet this requirement.

(c) Grants shall be made in up to three rounds:

(1) a first round with an application date before September 1, 2021, during which no more than 50 percent of available funds will be granted;

(2) a second round with an application date after September 1, 2021, but before March 1, 2022; and

(3) a third round with an application date after June 30, 2023, if any funds remain after the first two rounds.

A partner may apply in multiple rounds for projects that were not funded in earlier rounds or for new projects.

(d) Up to four percent of a grant under this subdivision may be used by the partner organization for administration and monitoring of the program.

Subd. 4. **Award criteria.** In awarding grants under this section, the commissioner shall give funding preference to applications that:

(1) have the greatest regional economic impact under subdivision 3, paragraph (b), clause (1), particularly with regard to increasing the local tax base; and

(2) have the greatest portion of the estimated cost of the eligible projects met through nonstate funds.

Subd. 5. **Leveraged grants to eligible recipients.** (a) A leveraged grant to an eligible recipient shall be for no more than $750,000.

(b) A leveraged grant may be used to finance no more than 30 percent of an eligible project.

(c) An eligible project must have secured commitments for all required matching funds and all required development approvals before a leveraged grant may be distributed.

Subd. 6. **Guaranteed loans to eligible recipients.** (a) A guaranteed loan to an eligible recipient must:

(1) be for no more than $2,000,000;

(2) be for a term of no more than 15 years; and

(3) comply with the terms under subdivision 7.

(b) An eligible project must have all required development approvals before a guaranteed loan may be distributed.

(c) Upon origination of a guaranteed loan, the commissioner must reserve ten percent of the loan amount into the loan guarantee trust fund created under subdivision 8.

(d) No guaranteed loan may be made to an eligible recipient after December 31, 2024.

Subd. 7. **Required terms for guaranteed loans.** For a guaranteed loan under the program:

(1) principal and interest payments made by the borrower under the terms of the loan are to reduce the guaranteed and nonguaranteed portion of the loan on a proportionate basis. The nonguaranteed portion shall not receive preferential treatment over the guaranteed portion;

(2) the partner organization shall not accelerate repayment of the loan or exercise other remedies if the borrower defaults, unless:

(i) the borrower fails to make a required payment of principal or interest within 60 days of the due date; or

(ii) the commissioner consents in writing;

(3) in the event of a default, the partner organization may not make a demand for payment pursuant to the guarantee unless the commissioner agrees in writing that the default has materially affected the rights or security of the parties;

(4) the partner organization must timely prepare and deliver to the commissioner, annually by the date specified in the loan guarantee, an audited or reviewed financial statement for the loan, prepared by a certified

public accountant according to generally accepted accounting principles, if available, and documentation that the borrower used the loan proceeds solely for an eligible project;

(5) the commissioner shall have access to loan documents at any time subsequent to the loan documents being submitted to the partner organization;

(6) the partner organization must maintain adequate records and documents concerning the loan so that the commissioner may determine the borrower's financial condition and compliance with program requirements;

(7) orderly liquidation of collateral securing the loan must be provided for in the event of default, pursuant to the loan guarantee; and

(8) the guaranteed portion of the loan may be subordinate to other loans made by lenders in the overall financing package.

Subd. 8. **Loan guarantee trust fund established.** A loan guarantee trust fund account in the special revenue fund is created in the state treasury to pay for defaulted loan guarantees. The commissioner shall administer this account. The day that this section expires, all remaining funds in the account are canceled to the general fund.

Subd. 9. **Statewide program.** In proportion to eligible demand, leveraged grants and guaranteed loans under this section shall be made so that an approximately equal dollar amount of leveraged grants and guaranteed loans are made to businesses in the metropolitan area as in the nonmetropolitan area, not to exceed 65 percent in any one area. After June 30, 2023, the department may allow leveraged grants and guaranteed loans to be made anywhere in the state without regard to geographic area.

Subd. 10. **Exemptions.** All grants and grant-making processes under this section are exempt from sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner must audit the use of funds under this section in accordance with standard accounting practices. The exemptions under this subdivision expire on December 31, 2023.

Subd. 11. **Reports.** (a) By January 31, 2022, and annually until December 31, 2026, after which biennial reporting will be permitted after the commissioner consults with the legislature, partner organizations participating in the program must provide a report to the commissioner that includes descriptions of the eligible projects supported by the program, the type and amount of support provided, any economic development gains attributable to the support, and an explanation of administrative expenses.

(b) By February 15, 2022, and annually until December 31, 2026, after which biennial reporting will be permitted after the commissioner consults with the legislature, the commissioner must report to the legislative committees in the house of representatives and senate with jurisdiction over economic development about funding provided under this program based on the information received under paragraph (a) and about the performance of the loan guarantee trust fund.

Subd. 12. **Expiration.** This section expires December 31, 2036.

**History:** *1Sp2021 c 10 art 2 s 5*

**116J.875** [Renumbered 116M.02]

**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 15D.04, 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 less than $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;

(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 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

(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 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, 2022. 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).

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.** 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.

Subd. 9. **Advisory board.** (a) The commissioner shall establish an advisory board to advise the 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 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.

**History:** *2023 c 53 art 15 s 15; 1Sp2025 c 3 art 7 s 30*

**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 the 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.

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

(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 account.

Subd. 2. **Purpose.** The Minnesota forward fund account 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, and develop properties for business use for resiliency in economic security and economic enhancement opportunities that provide the public high-quality employment opportunities.

Subd. 3. **Minnesota forward fund account.** (a) The Minnesota forward fund account is created as a separate account in the treasury. Except as otherwise appropriated in law, 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 and remain available until expended.

(b) The commissioner shall use 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 residents 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.** (a) The commissioner may use money in the Minnesota forward fund account to make grants and 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; and working capital. 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.

(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 $7,500,000 or no more than 50 percent of the total infrastructure project.

Subd. 4a. **Transfers.** The commissioner of management and budget, in consultation with the commissioners of employment and economic development and commerce, may transfer money between the Minnesota forward fund account, the Minnesota climate innovation authority account, and the state competitiveness fund account. The commissioner of management and budget must notify the Legislative Advisory Commission within 15 days of making transfers under this subdivision.

Subd. 5. **Grant limits.** Individual business expansion projects are limited to no more than $15,000,000 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 $15,000,000, of which no more than $10,000,000 may be grants. 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 account may exceed five years but not more than ten years.

Subd. 7. **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. 8. **Report.** The municipality, local unit of government, or business must report to the commissioner on the business performance using the forms developed by the commissioner.

Subd. 9. **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.

**History:** *2023 c 53 art 21 s 1,6; 2024 c 120 art 2 s 13; 1Sp2025 c 6 art 4 s 5*

**116J.8755** MS 2000 [Repealed, 2001 c 200 s 4]

## CAPITAL ACCESS PROGRAM

### 116J.876 DEFINITIONS.

Subdivision 1. **Terms.** For the purposes of this section and sections 116J.8761 to 116J.8769, the terms defined in this section have the meanings given them.

Subd. 2. **Agreement.** "Agreement" means an agreement between a lender and the commissioner under which a lender may participate in the program.

Subd. 3. **Borrower.** "Borrower" means the recipient of a loan which is, has been, or will be filed by the lender for enrollment under the program and meets the following requirements:

(1) the borrower is a corporation, partnership, joint venture, sole proprietorship, cooperative, or other entity, whether profit or nonprofit, which is authorized to conduct business in the state; and

(2) the borrower is not an executive officer, director, or principal shareholder of the lender, or a member of the immediate family of an executive officer, director, or principal shareholder of the lender, or an entity controlled by an executive officer, director, principal shareholder, or member of the immediate family.

Subd. 4. **Capital access account; account.** "Capital access account" or "account" means an account created in the special revenue fund for the purposes of the capital access program.

Subd. 5. **Claim.** "Claim" means any claim filed by the lender under section 116J.8767.

Subd. 6. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 6a. **Community development venture capital fund.** "Community development venture capital fund" means a regional or local venture capital fund that makes equity investments in small or emerging companies and has a financial as well as a social mission.

Subd. 7. **Early loan.** "Early loan" means an enrolled loan where at the time of enrollment the amount of previously enrolled loans made by the lender under the program was less than $5,000,000.

Subd. 8. **Eligible loan.** "Eligible loan" means a loan made by the lender to a borrower that meets the requirements of section 116J.8764.

Subd. 9. **Enrolled loan.** "Enrolled loan" means a loan enrolled by the commissioner under the terms of section 116J.8764.

Subd. 10. **Lender.** "Lender" means a financial institution as defined in section 13A.01, subdivision 2, that has entered into an agreement with the commissioner to participate in the program.

Subd. 11. **Passive real estate ownership.** "Passive real estate ownership" means ownership of real estate for the purpose of deriving income from speculation, trade, or rentals, except that the term does not include (1) the ownership of that portion of real estate being used or intended to be used for the operation of the business of the owner of the real estate; or (2) ownership of real estate for the purpose of construction or renovation until the completion of the construction or renovation phase.

Subd. 12. **Program.** "Program" means the capital access program created by sections 116J.876 to 116J.8769.

Subd. 13. **Reserve fund.** "Reserve fund" means an administrative account maintained by the commissioner for funds accumulated under an agreement with the commissioner to cover losses sustained by the lender on enrolled loans.

**History:** *1989 c 335 art 1 s 146; 2001 c 153 s 1; 1Sp2003 c 4 s 1*

**116J.8761 CAPITAL ACCESS PROGRAM; CREATION; ADMINISTRATION.**

(a) A capital access program is created in the Department of Employment and Economic Development. The purpose of the capital access program is to provide capital to businesses, particularly small and medium-sized businesses, to foster economic development. Capital may be provided in the form of equity investments for community development venture capital funds or loans for all other assistance under the program. Loans made under this program are to be slightly riskier than conventional loans, but still offer a high degree of soundness in connection with the capital access program.

(b) The commissioner has the power to administer the program, enter into contracts, and take action reasonably necessary to ensure compliance with the program. The lender shall provide the commissioner with information regarding its participation in the program as the commissioner may reasonably require. Upon notice to the lender, the commissioner may inspect the files of the lender relating to any loans enrolled under the program during normal business hours of the lender.

(c) A lender is eligible to participate in the program upon entering into an agreement with the commissioner governing the duties of the commissioner and the lender under the program.

**History:** *1989 c 335 art 1 s 147; 2001 c 153 s 2; 1Sp2003 c 4 s 1*

**116J.8762 COMMISSIONER; DUTIES.**

Subdivision 1. **Duties.** The commissioner must:

(1) with respect to loans:

(i) market the capital access program to businesses and other persons in the state in cooperation with financial institutions and statewide associations representing financial institutions;

(ii) establish a reservation or allocation system so that lenders may reserve an allocation of funds in the account before or after the lender enters into a loan agreement or contract with a borrower; and

(iii) develop the program, in cooperation with financial institutions and statewide associations representing financial institutions, so that the degree of flexibility for the commissioner and the participating lenders is maximized and the state oversight of individual loans is minimized, and the fiscal integrity of the program is maintained; and

(2) with respect to equity investments:

(i) market the program to businesses and community development venture capital funds; and

(ii) enter into appropriate contracts and agreements with community development venture capital funds.

Subd. 2. **Interests of commissioner.** Except upon the exercise of the commissioner's right of subrogation under section 116J.8767, the commissioner has no legal or equitable interest in any collateral, security, or other right of recovery in connection with any loan enrolled in the program, and the commissioner's consent is not necessary for any amendment to the lender's loan documents.

**History:** *1989 c 335 art 1 s 148; 2001 c 153 s 3*

**116J.8763 ELIGIBLE LOANS.**

Subdivision 1. **Loan types.** Eligible loans may include:

(1) loans made for industrial, commercial, or agricultural purposes;

(2) refinancing of loans made for the purposes in clause (1); and

(3) lines of credit agreements established between the lender and borrower which are used for the purposes in clause (1).

Subd. 2. **Loan restrictions.** Eligible loans must meet the following criteria:

(1) the lender has not made the loan in order to enroll in the program prior debt which is not covered under the program and which is or was owed by the borrower to the lender;

(2) the proceeds of the loan will not be used for that portion of a project or development devoted to housing;

(3) the proceeds of the loan will not be used to finance passive real estate ownership; and

(4) the proceeds of the loan will be used to finance a project or enterprise located within this state which will foster economic development in Minnesota.

Subd. 3. **Loan provisions.** An eligible loan may provide for an interest rate, fees, and other terms and conditions as the lender and borrower may agree. If the loan amount to be borrowed is determined by a commitment agreement that establishes a line of credit, the amount of the loan is the maximum amount available to the borrower under the agreement.

**History:** *1989 c 335 art 1 s 149*

**116J.8764 ENROLLMENT OF LOANS IN PROGRAM.**

Subdivision 1. **Filing requirements.** (a) To enroll a loan under this program, the lender must file a completed loan enrollment form with the commissioner. The lender must also certify the following to the commissioner as part of the filing:

(1) the lender has no substantial reason to believe that the loan is being made to a borrower who does not meet the requirements of section 116J.876, subdivision 3;

(2) that the lender has received from the borrower a written representation, warranty, pledge, and waiver stating that the borrower has no legal, beneficial, or equitable interest in the nonrefundable premium charges or any other funds credited to the reserve fund established to cover losses sustained by the lender on enrolled loans;

(3) the loan being filed for enrollment is an eligible loan under section 116J.8763; and

(4) premium changes required of the borrower and lender under this section have been deposited in the reserve fund.

(b) The lender shall file the loan enrollment form within ten business days after the lender makes the loan. The date on which the lender makes a loan is the date on which the lender first disburses proceeds of the loan to the borrower or an earlier date on which the loan documents have been executed and the lender has obligated itself to disburse proceeds of the loan. The filing date of a loan enrollment form is the date on which the lender delivers the required documentation to the commissioner, delivers it to a professional courier service for delivery to the commissioner, or mails it to the commissioner by certified mail.

Subd. 2. **Commissioner enrollment; acknowledgment.** When the commissioner receives the loan enrollment form, the commissioner shall enroll the loan, unless the information provided under subdivision 1 indicates that the loan is not an eligible loan, and shall deliver to the lender within five business days of receipt an acknowledgment of enrollment, signed by the commissioner or designee, including documentation of the amount being transferred by the commissioner into the reserve fund under this section.

Subd. 2a. **Enrollment of loans without commissioner's full premium payment.** The commissioner may continue to accept loans for enrollment into the program even if the amount of funds contained in the account is zero or an amount less than the full amount that is required to be transferred under section 116J.8765, subdivision 2, paragraph (a), (b), or (c).

Subd. 3. **Amount covered.** When filing a loan enrollment form, the lender may specify an amount to be covered under the program. The amount may be less than the total amount of the loan. Unless the context clearly requires otherwise, when used in connection with a loan or loans, the words "amount" and "proceeds" refer only to the amount covered under the agreement.

Subd. 4. **Amount covered in refinancings.** (a) In the case of a loan to refinance a loan previously made to the borrower by the lender that was not enrolled under the program, the lender may obtain coverage under the program for an amount not exceeding the amount of additional financing.

(b) If an enrolled loan is refinanced and the total amount to be covered under the program does not exceed the covered amount of the loan as previously enrolled, the refinanced loan may continue as an enrolled loan without payment of additional premium charges or transfers by the commissioner to the reserve fund.

(c) If an enrolled loan is refinanced in an amount exceeding the amount of the loan as previously enrolled, the lender may obtain coverage of the amount of the refinanced loan that exceeds the amount covered when the loan was previously enrolled by refiling the loan for enrollment under subdivision 1.

(d) Fluctuations in the outstanding balance of a line of credit, without increasing the enrolled amount under the program, are not a refinancing of the loan.

Subd. 5. **Termination of enrollment.** If the outstanding balance of an enrolled loan which is not a line of credit is reduced to zero, the loan is no longer an enrolled loan. If an enrolled loan which is a line of credit has an outstanding balance of zero for a 12-month period, the line of credit is no longer an enrolled loan, unless, before the expiration of the 12-month period, the lender reaffirms in writing to the borrower that the line of credit will remain open and the borrower acknowledges the reaffirmation in writing.

**History:** *1989 c 335 art 1 s 150; 2003 c 128 art 13 s 21*

**116J.8765 RESERVE FUND; PREMIUMS.**

Subdivision 1. **Creation.** Upon execution of an agreement between the lender and the commissioner, the commissioner shall establish a reserve fund account with the lender in the name of the commissioner for the purpose of receiving all required premium charges to be paid by the lender and the borrower and transfers made by the commissioner under sections 116J.876 to 116J.8769.

Subd. 2. **Premium payments and transfers to reserve fund.** The premium charges payable to the reserve fund by the lender and the borrower in connection with a loan filed for enrollment are determined by the lender. The premium paid by the borrower may not be less than 1.5 percent nor greater than 3.5 percent of the amount of the loan. The premium paid by the lender shall be equal to the amount of the premium paid by the borrower. The lender may recover from the borrower the cost of the lender's premium payment, in any manner in which the lender and borrower agree. When enrolling a loan, the commissioner shall transfer into the reserve fund from the account premium amounts determined as follows:

(a) If the amount of any loan, plus the amount of loans previously enrolled by the lender, is less than $2,000,000, the premium amount transferred must be equal to 150 percent of the combined premiums paid into the reserve fund by the borrower and the lender for each enrolled loan.

(b) If, prior to the enrollment of the loan, the amount of loans previously enrolled by the lender equals or exceeds $2,000,000, the premium amount transferred must be equal to the combined premiums paid into the reserve fund by the borrower and the lender for each enrolled loan.

(c) If the amount of loans previously enrolled by the lender is less than $2,000,000, but the enrollment of a loan will cause the aggregate amount of all enrolled loans made by the lender to exceed $2,000,000, the premium amount transferred must be equal to a percentage of the combined amount paid by the lender and the borrower. The percentage must be determined by (1) multiplying by 150 that portion of the loan which when added to the amount of all previously enrolled loans totals $2,000,000, (2) multiplying the

balance of the loan by 100, and (3) adding the products of the two amounts and dividing the sum by the total amount of the loan.

Subd. 3. **Limitation of transfers.** A maximum premium amount of $150,000 may be transferred into the reserve funds of all lenders participating in the program by the commissioner over any three-year period in connection with any one borrower or any group of borrowers among which a common enterprise exists. This maximum premium amount may be exceeded upon the written request by a lender only if the commissioner approves in writing the transfer of an amount in excess of $150,000. For the purpose of this subdivision, the term "common enterprise" has the meaning given it in Code of Federal Regulations, title 12, section 32, as amended.

Subd. 4. **Control and investment of reserve fund.** (a) All money credited to the reserve fund is under the exclusive control of the commissioner. The commissioner may not withdraw money from the reserve fund except as specifically provided in this subdivision and sections 116J.8766 and 116J.8768.

(b) Money in the reserve fund must be deposited by the commissioner in an account with the lender unless the commissioner determines that the lender is not in substantial compliance with the requirements of the agreement. If money in the reserve fund is not deposited by the commissioner in an account with the lender, it must be invested or reinvested by the commissioner in (1) direct obligations of the United States or the state of Minnesota or in obligations the principal and interest of which are unconditionally guaranteed by the United States or the state of Minnesota, or (2) a deposit account at a depository institution whose deposits are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.

(c) Interest or income earned on the money credited to the reserve fund is part of the reserve fund. The commissioner may withdraw at any time from the reserve fund 50 percent of all interest or income that has been credited to the reserve fund, except that after the first withdrawal the commissioner may not withdraw more than 50 percent of all interest or income that has been credited to the reserve fund since the time of the last withdrawal. Any withdrawal made under this subdivision may be made prior to paying any claim. None of the amounts withdrawn need to be transferred back to the reserve fund. Any withdrawal under this subdivision must be credited in the capital access account.

Subd. 5. **Pledge of the reserve fund.** The commissioner shall pledge to the lender that the money in the reserve fund will be available to pay claims under section 116J.8766, that the lender will have a first security interest in the money in the reserve fund to pay the claims, and that the commissioner will not encumber or pledge the money to any other party.

Subd. 6. **Quarterly reports; inspections.** (a) If the reserve fund is not maintained with the lender, the commissioner shall provide to the lender quarterly transaction reports indicating the balance in the reserve fund, payments and transfers into the reserve fund, withdrawals from the reserve fund, and interest or income earned on money credited to the reserve fund.

(b) The records of the commissioner with respect to all payments and transfers into the reserve fund, withdrawals from the reserve fund, and interest or income earned on the money credited to the reserve fund, are available to the lender at the offices of the commissioner during normal business hours.

**History:** *1989 c 335 art 1 s 151*

**116J.8766 CLAIMS BY LENDER TO RESERVE FUND.**

Subdivision 1. **Claim process.** (a) If the lender charges off all or part of an enrolled loan, the lender may file a claim with the commissioner. The claim must be filed contemporaneously with the charge-off.

(b) The lender's claim may include, in addition to the amount of principal charged off plus accrued interest, one-half of the documented out-of-pocket expenses incurred in pursuing its collection efforts, including preservation of collateral. The amount of principal and accrued interest included in the claim may not exceed the principal amount covered under the program upon enrollment, plus accrued interest attributable to the covered principal amount.

(c) The lender shall determine when and how much to charge off on an enrolled loan in a manner consistent with its normal method for making these determinations on similar loans which are not enrolled loans.

(d) If the lender files two or more claims contemporaneously and there are insufficient funds in its reserve fund at that time to cover the entire amount of the claims, the lender may designate the order of priority in which the commissioner shall pay the claims.

Subd. 2. **Disbursement of reserve fund.** (a) Upon receipt by the commissioner of a claim filed by the lender, the commissioner shall, within ten business days, pay or authorize the lender to withdraw from the reserve fund the amount of the claim as submitted, unless the information provided by the lender was known by the lender to be false at the time the loan was filed for enrollment. No other violation of sections 116J.876 to 116J.8769 or the agreement is grounds for denial of a claim. All money transferred or credited to the reserve fund from any source is appropriated to the commissioner to pay claims under this section.

(b) If there is insufficient money in the reserve fund to cover the entire amount of the lender's claim, the commissioner shall pay to the lender or authorize the lender to withdraw an amount equal to the current balance in the reserve fund and the following shall apply:

(1) If the enrolled loan for which the claim has been filed is not an early loan, the payment fully satisfies the claim, and the lender has no right to receive any further amount from the reserve fund with respect to that claim.

(2) If the loan is an early loan, the partial payment does not satisfy the lender's claim, and at any time that the remaining balance of the claim is not greater than 75 percent of the balance in the reserve fund at the time of the loss, the commissioner, upon request of the lender, shall pay the remaining balance of the claim.

Subd. 3. **Recovery by lender subsequent to claim.** (a) If, subsequent to payment of a claim by the commissioner, the lender recovers from a borrower any amount for which payment of the claim was made, the lender shall promptly pay to the commissioner for deposit in the reserve fund the amount recovered, less one-half of any documented out-of-pocket expenses incurred. The lender need pay to the commissioner for deposit in the reserve fund only amounts in excess of the amount of recovery needed to fully cover the lender's loss on an enrolled loan.

(b) For the purposes of this subdivision and section 116J.8767, the lender's loss on an enrolled loan includes any losses on the loan including principal, accrued interest, and one-half of the documented out-of-pocket expenses attributable to principal amounts in excess of the amount covered under the program or the principal amount included in the claim.

Subd. 4. **Technical assistance.** When a borrower becomes 60 days delinquent in the payments of an enrolled loan or before a lender files a claim with the commissioner, the lender must notify the commissioner of the delinquency. The commissioner, after notification, shall inform the borrower of the technical assistance

providers in the borrower's area that may assist in solving any business or management problems experienced by the borrower.

**History:** *1989 c 335 art 1 s 152; 1990 c 423 s 4; 1991 c 345 art 1 s 72*

**116J.8767 SUBROGATION OF CLAIMS.**

Subdivision 1. **Limitation.** The commissioner may exercise the right of subrogation under this section if the commissioner determines, in the commissioner's discretion, that the lender has not exercised reasonable care and diligence in its collection activities with respect to the loan or that there is a reasonable basis for believing that the lender will not exercise reasonable care and diligence in the future with respect to the collection activities.

Subd. 2. **Assignment of rights.** If the payment of a claim has fully covered the lender's loss on an enrolled loan, or if the payment of a claim when combined with any recovery from the borrower has fully covered the lender's loss, the commissioner, upon request, is subrogated to the rights of the lender with respect to any collateral, security, or other right of recovery in connection with the loan that has not been realized by the lender. The lender thereafter shall assign to the commissioner any right, title, or interest to any collateral, security, or other right of recovery in connection with the loan.

Subd. 3. **Lender obligations.** If an assignment has been made, the commissioner is not required to undertake any obligations of the lender under its loan documents, except for any obligations directly related to the commissioner's assigned rights of recovery in connection with the loan. The lender shall fulfill any other obligations it may have under the loan documents in the same manner and to the same degree as required had the assignment not been made. The lender shall provide the commissioner with all reasonable assistance the commissioner requests in proceeding with respect to any collateral, security, or other right of recovery, except that the lender need not incur any out-of-pocket expenses.

Subd. 4. **Payment of lender's loss.** If the commissioner decides to exercise the right of subrogation in connection with an enrolled loan and would be entitled to exercise the right except for the fact that the lender's loss has not been fully covered, the commissioner may pay from money in the reserve fund an amount sufficient to fully cover the lender's loss even though the payment may cover a principal amount not covered under the program or not included in the lender's claim. Upon making the payment, the commissioner is subrogated to the rights of the lender.

Subd. 5. **Recovered funds.** Any money received by the commissioner as a result of enforcement actions taken with respect to any collateral, security, or other rights of recovery must be promptly deposited by the commissioner in the reserve fund, less any out-of-pocket expenses incurred by the commissioner in taking such enforcement actions.

**History:** *1989 c 335 art 1 s 153*

**116J.8768 EXCESS RESERVE FUNDS.**

Subdivision 1. **Reports.** The lender shall file quarterly reports with the commissioner indicating the number and aggregate outstanding balance of all enrolled loans as of the end of each quarter. A quarterly report is not required for any quarter that ends with a balance in the reserve fund of zero, except that a calendar year-end report must be filed. In computing the aggregate outstanding balance of all enrolled loans, the balance of any loan may not be greater than the covered amount of the loan as enrolled.

Subd. 2. **Withdrawal of excess reserve funds.** (a) If reports filed under this section indicate that for the immediately preceding 24-month period the balance in the reserve fund continually exceeded the aggregate

outstanding balance of all enrolled loans, the commissioner may withdraw from the reserve fund, on or before the last day of the month for which a report is due, an amount not greater than the amount by which the reserve fund balance exceeded the aggregate outstanding balance of all enrolled loans as of the most recent report, unless the lender has provided to the commissioner adequate documentation that at some time during that 24-month period the aggregate outstanding balance of all enrolled loans exceeded the balance then in the reserve fund. Any amounts withdrawn from the reserve fund must be transferred to the account.

(b) If a report is not filed within 30 days of its original due date, the commissioner may withdraw from the reserve fund based on the commissioner's determination from an inspection of the lender's files an amount not greater than the amount by which the reserve fund balance exceeded the aggregate outstanding balance of all enrolled loans as of the date for which the report was required to be filed.

**History:** *1989 c 335 art 1 s 154*

**116J.8769 TERMINATION.**

The commissioner may terminate the obligation to a lender to enroll loans under the program if the commissioner determines that the lender is not in substantial compliance with the requirements of the program. The termination takes effect on the date specified in the notice of termination, except that the termination does not apply to any loan made on or before the date on which the notice of termination is received by the lender. If the commissioner is terminating the enrollment of loans for all participating lenders under the program, the commissioner shall provide notice of at least 90 days to the lender. Any terminations under this section are prospective only and do not apply to any loans previously refinanced. After termination, the amount covered under the program may not be increased beyond the covered amount as previously enrolled.

**History:** *1989 c 335 art 1 s 155*

**116J.8770 EQUITY INVESTMENTS.**

The commissioner may invest funds from the capital access account to make equity investments in community development venture capital funds for the purpose of providing capital for small and emerging businesses. The community development venture capital fund must have experience in equity investments with small businesses and the ability to raise private capital.

**History:** *2001 c 153 s 4*

**116J.8771 WAIVER.**

The capital access program is exempt from section 16C.05, subdivision 2, paragraph (b).

**History:** *2001 c 153 s 5; 1Sp2003 c 1 art 2 s 64*

**116J.88** Subdivision 1. [Renumbered 116M.03, subdivision 1]

Subd. 2. [Renumbered 116M.03, subd 2]

Subd. 3. MS 1982 [Repealed, 1983 c 289 s 119]

Subd. 3a. [Renumbered 116M.03, subd 3]

Subd. 4. [Renumbered 116M.03, subd 4]

Subd. 4a. [Renumbered 116M.03, subd 5]

Subd. 4b. [Renumbered 116M.03, subd 6]

Subd. 4c. [Renumbered 116M.03, subd 7]

Subd. 5. [Renumbered 116M.03, subd 8]

Subd. 6. [Renumbered 116M.03, subd 9]

Subd. 6a. [Renumbered 116M.03, subd 10]

Subd. 7. [Renumbered 116M.03, subd 11]

Subd. 7a. [Renumbered 116M.03, subd 12]

Subd. 7b. [Renumbered 116M.03, subd 13]

Subd. 8. [Renumbered 116M.03, subd 14]

Subd. 8a. [Renumbered 116M.03, subd 15]

Subd. 8b. [Renumbered 116M.03, subd 16]

Subd. 9. [Renumbered 116M.03, subd 17]

Subd. 10. [Renumbered 116M.03, subd 18]

Subd. 11. [Renumbered 116M.03, subd 19]

Subd. 12. [Renumbered 116M.03, subd 20]

Subd. 13. [Renumbered 116M.03, subd 21]

Subd. 14. [Renumbered 116M.03, subd 22]

Subd. 15. [Renumbered 116M.03, subd 23]

Subd. 16. [Renumbered 116M.03, subd 24]

Subd. 17. [Renumbered 116M.03, subd 25]

Subd. 18. [Renumbered 116M.03, subd 26]

## SMALL BUSINESS LOAN GUARANTEES

### 116J.881 SMALL BUSINESS LOAN GUARANTEE PROGRAM.

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

(b) "Borrower" means a small business receiving an eligible loan under this section.

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

(d) "Eligible loan" means a loan to a small business to be used for business purposes exclusively in Minnesota, including: machinery or equipment purchases, maintenance, or repair; expenses related to moving into or within Minnesota; and working capital when the working capital is secured by fixed assets when possible.

(e) "Loan guarantee" means a guarantee of 80 percent of the loan amount provided by a QED lender. The guaranteed portion of the loan must not exceed $200,000 and may be subordinate to other loans made by lenders in the overall financing package.

(f) "Loan guarantee trust fund" means a dedicated fund established under this section for the purpose of compensation for defaulted loan guarantees and for program administration.

(g) "Peacetime public health emergency" means any peacetime emergency declared by the governor in an executive order that is related to the infectious disease known as COVID-19.

(h) "Qualified economic development lender" or "QED lender" means a bank or other commercial lender, a public entity, or a private nonprofit economic development organization with not less than three years of active lending experience that provides financing to small businesses.

(i) "Small business" means a business employing no more than the equivalent of 250 full-time persons in Minnesota.

(j) "Subordinated loan" means a loan secured by a lien that is lower in priority than one or more specified other liens.

Subd. 2. **Loan guarantee program.** A small business loan guarantee program to support the origination of small business loans that are expected to be made to Minnesota businesses by a QED lender, within the 12 months after a declaration of a peacetime public health emergency and not otherwise financially supported by a public entity, is created in the Department of Employment and Economic Development. The loan guarantee shall apply only to the portion of the loan that was made by the QED lender.

Subd. 3. **Required provisions.** Loan guarantees under this section for loans by QED lenders shall provide that:

(1) principal and interest payments made by the borrower under the terms of the loan are to reduce the guaranteed and nonguaranteed portion of the loan on a proportionate basis. The nonguaranteed portion shall not receive preferential treatment over the guaranteed portion;

(2) the QED lender shall not accelerate repayment of the loan or exercise other remedies if the borrower defaults, unless:

(i) the borrower fails to make a required payment of principal or interest within 60 days of the due date;

(ii) the commissioner consents in writing; or

(iii) the loan guarantee agreement provides for accelerated repayment or other remedies.

In the event of a default, the QED lender may not make a demand for payment pursuant to the guarantee unless the commissioner agrees in writing that the default has materially affected the rights or security of the parties;

(3) the QED lender has timely prepared and delivered to the commissioner, annually by the date specified in the loan guarantee, an audited or reviewed financial statement for the loan, prepared by a certified public accountant according to generally accepted accounting principles, if available, and documentation that the borrower used the loan proceeds solely for purposes of its Minnesota operations;

(4) the commissioner has access to the loan documents prior to approval of the state credit enhancement;

(5) the QED lender maintains adequate records and documents concerning the loan so that the commissioner may determine the borrower's financial condition and compliance with program requirements; and

(6) orderly liquidation of collateral securing the loan is provided for in the event of default, with an option on the part of the commissioner to acquire the QED lender's interest in the assets pursuant to the loan guarantee.

Subd. 4. **Loan guarantee trust fund established.** A loan guarantee trust fund account in the special revenue fund is created in the state treasury to pay for defaulted loan guarantees. The commissioner shall administer this fund and provide annual reports concerning the performance of the fund to the chairs of the standing committees of the house of representatives and senate having jurisdiction over economic development issues.

Subd. 5. **Limitation.** At no time shall total outstanding loan guarantees exceed five times the amount on deposit in the loan guarantee trust fund.

Subd. 6. **Guarantee fee.** Participating QED lenders shall pay a fee to the fund of 0.25 percent of the principal amount of each guaranteed loan upon approval of each loan guarantee. The guarantee fee, along with any interest earnings from the trust fund, shall be used only for the administration of the small business loan guarantee program and as additional loan loss reserves.

Subd. 7. **Loan guarantee application.** The commissioner shall prepare a form for QED lenders to use in applying for loan guarantees under this section. The form shall include the following information:

(1) the name and contact information for the QED lender, including the name and title of a contact person;

(2) the names of the financial institutions, including the names and titles of contact persons, that are participating in the total financing being provided to the small business borrower, along with the dollar amount of the loan provided by the financial institution;

(3) the percentage and dollar amount of the subordinated debt loan provided to the Minnesota small business by the QED lender;

(4) the loan guarantee amount that is requested from the program; and

(5) other information as requested by the commissioner.

Subd. 8. **Notice and application process.** Subject to the availability of funds under subdivision 4, the commissioner shall publish a notice regarding the opportunity for QED lenders to originate loans. The commissioner shall decide whether to provide a loan guarantee for each loan based on:

(1) the completeness of the loan guarantee application;

(2) the availability of funds in the loan guarantee trust fund; and

(3) execution of agreements that satisfy requirements established in subdivision 3.

Subd. 9. **Reporting.** By December 31, 2020, the commissioner shall report to the legislative committees with jurisdiction over economic development policy and finance on the loan guarantees provided under this section.

**History:** *1Sp2011 c 4 art 2 s 3; 2020 c 71 art 2 s 3*

**116J.885** MS 2012 [Repealed, 2014 c 271 art 1 s 3]

**116J.89** Subdivision 1. [Renumbered 116M.06, subdivision 1]

Subd. 1a. [Renumbered 116M.06, subd 2]

Subd. 1b. [Renumbered 116M.06, subd 3]

Subd. 1c. [Renumbered 116M.06, subd 4]

Subd. 1d. [Renumbered 116M.06, subd 5]

Subd. 2. [Renumbered 116M.06, subd 6]

Subd. 3. [Renumbered 116M.06, subd 7]

Subd. 4. [Renumbered 116M.06, subd 8]

Subd. 5. [Renumbered 116M.06, subd 9]

Subd. 6. [Renumbered 116M.06, subd 10]

Subd. 7. MS 1982 [Repealed, 1983 c 213 s 25]

Subd. 8. [Renumbered 116M.06, subd 11]

Subd. 9. [Renumbered 116M.06, subd 12]

Subd. 10. [Renumbered 116M.06, subd 13]

**116J.90** Subdivision 1. [Renumbered 116M.07, subdivision 1]

Subd. 2. [Renumbered 116M.07, subd 2]

Subd. 2a. [Renumbered 116M.07, subd 3]

Subd. 3. [Renumbered 116M.07, subd 4]

Subd. 3a. [Renumbered 116M.07, subd 5]

Subd. 3b. [Renumbered 116M.07, subd 6]

Subd. 3c. [Renumbered 116M.07, subd 7]

Subd. 4. [Renumbered 116M.07, subd 8]

Subd. 4a. [Renumbered 116M.07, subd 9]

Subd. 5. [Renumbered 116M.07, subd 10]

Subd. 5a. [Renumbered 116M.07, subd 11]

Subd. 6. [Renumbered 116M.07, subd 12]

Subd. 7. [Renumbered 116M.07, subd 13]

**116J.91** Subdivision 1. [Renumbered 116M.08, subdivision 1]

Subd. 2. [Renumbered 116M.08, subd 2]

Subd. 3. [Renumbered 116M.08, subd 3]

Subd. 4. [Renumbered 116M.08, subd 4]

Subd. 5. [Renumbered 116M.08, subd 5]

Subd. 6. [Renumbered 116M.08, subd 6]

Subd. 7. [Renumbered 116M.08, subd 7]

Subd. 8. [Renumbered 116M.08, subd 8]

Subd. 9. [Renumbered 116M.08, subd 9]

Subd. 10. [Renumbered 116M.08, subd 10]

Subd. 11. [Renumbered 116M.08, subd 11]

Subd. 12. [Renumbered 116M.08, subd 12]

Subd. 13. [Renumbered 116M.08, subd 13]

Subd. 14. [Renumbered 116M.08, subd 14]

Subd. 15. [Renumbered 116M.08, subd 15]

Subd. 16. [Renumbered 116M.08, subd 16]

Subd. 17. [Renumbered 116M.08, subd 17]

Subd. 18. [Renumbered 116M.08, subd 18]

Subd. 19. [Renumbered 116M.08, subd 19]

Subd. 19a. [Renumbered 116M.08, subd 20]

Subd. 20. [Renumbered 116M.08, subd 21]

**116J.921** [Renumbered 116M.09]

**116J.922** MS 1983 Supp [Repealed, 1984 c 583 s 37]

**116J.923** Subdivision 1. [Renumbered 116M.10, subdivision 1]

Subd. 2. MS 1983 Supp [Repealed, 1984 c 583 s 37]

Subd. 3. [Renumbered 116M.10, subd 2]

Subd. 4. [Renumbered 116M.10, subd 3]

Subd. 5. [Renumbered 116M.10, subd 4]

Subd. 6. [Renumbered 116M.10, subd 5]

Subd. 7. [Renumbered 116M.10, subd 6]

Subd. 8. [Renumbered 116M.10, subd 7]

Subd. 9. [Renumbered 116M.10, subd 8]

Subd. 10. [Renumbered 116M.10, subd 9]

Subd. 11. [Renumbered 116M.10, subd 10]

Subd. 12. MS 1983 Supp [Repealed, 1984 c 583 s 37]

**116J.924** Subdivision 1. MS 1983 Supp [Repealed, 1984 c 583 s 37]

Subd. 2. [Renumbered 116M.11, subdivision 1]

Subd. 3. [Renumbered 116M.11, subd 2]

Subd. 4. [Renumbered 116M.11, subd 3]

Subd. 5. [Renumbered 116M.11, subd 4]

**116J.925** [Renumbered 116M.12]

**116J.926** [Renumbered 116M.13]

**116J.94** MS 1986 [Repealed, 1987 c 314 s 5]

**116J.941** MS 1988 [Repealed, 1987 c 316 s 4; 1989 c 335 art 1 s 270]

**116J.942** MS 1988 [Repealed, 1987 c 316 s 4; 1989 c 335 art 1 s 270]

**116J.951** MS 1986 [Repealed, 1987 c 386 art 1 s 13]

## RURAL REHABILITATION REVOLVING ACCOUNT

### 116J.955 RURAL REHABILITATION REVOLVING ACCOUNT.

Subdivision 1. **Establishment.** The rural rehabilitation account is in the special revenue fund. The money transferred to the state as a result of liquidating the Rural Rehabilitation Corporation Trust, and money derived from transfer of the trust to the state, must be credited to the rural rehabilitation account. The principal amount of the rural rehabilitation account must be invested by the state investment board. The income attributable to investment of the principal is appropriated to the commissioner for the purposes of Laws 1987, chapter 386, article 1.

Subd. 2. **Expenditure of account.** The commissioner may use the rural rehabilitation account for the purposes that are allowed under the Minnesota Rural Rehabilitation Corporation's charter and agreement, as may be amended or modified by, the United States Secretary of Agriculture as provided in Public Law 499, 81st Congress, enacted May 3, 1950 and as allowed under Laws 1987, chapter 386, article 1. Not more than three percent of the combined book value of the Minnesota rural rehabilitation account and the regional revolving funds may be used for administrative purposes in a year without approval of the United States Secretary of Agriculture. Any funds used for administrative purposes may only be drawn from money remaining in the Minnesota rural rehabilitation account.

Subd. 3. **Transfer of authorized records to commissioner.** The authority, assets, books, and records held by the Minnesota Rural Rehabilitation Corporation and later by the state Executive Council under Public Law 499, 81st Congress, May 3, 1950, is transferred to the commissioner.

**History:** *1985 c 254 s 2; 1987 c 386 art 1 s 1,2; 1989 c 335 art 4 s 49,50; 2003 c 128 art 13 s 22*

**116J.961** MS 1986 [Repealed, 1987 c 386 art 1 s 13]

**116J.965** MS 1986 [Repealed, 1987 c 386 art 1 s 13]

## TRADE PROMOTION

### 116J.966 COMMISSIONER'S TRADE PROMOTION DUTIES.

Subdivision 1. **Generally.** (a) The commissioner shall promote, develop, and facilitate trade and foreign investment in Minnesota. In furtherance of these goals, and in addition to the powers granted by section 116J.035, the commissioner may:

(1) locate, develop, and promote international markets for Minnesota products and services;

(2) arrange and lead trade missions to countries with promising international markets for Minnesota goods, technology, services, and agricultural products;

(3) promote Minnesota products and services at domestic and international trade shows;

(4) organize, promote, and present domestic and international trade shows featuring Minnesota products and services;

(5) host trade delegations and assist foreign traders in contacting appropriate Minnesota businesses and investments;

(6) develop contacts with Minnesota businesses and gather and provide information to assist them in locating and communicating with international trading or joint venture counterparts;

(7) provide information, education, and counseling services to Minnesota businesses regarding the economic, commercial, legal, and cultural contexts of international trade;

(8) provide Minnesota businesses with international trade leads and information about the availability and sources of services relating to international trade, such as export financing, licensing, freight forwarding, international advertising, translation, and custom brokering;

(9) locate, attract, and promote foreign direct investment and business development in Minnesota to enhance employment opportunities in Minnesota;

(10) provide foreign businesses and investors desiring to locate facilities in Minnesota information regarding sources of governmental, legal, real estate, financial, and business services;

(11) enter into contracts or other agreements with private persons and public entities, including agreements to establish and maintain offices and other types of representation in foreign countries, to carry out the purposes of promoting international trade and attracting investment from foreign countries to Minnesota and to carry out this section, without regard to section 16C.06; and

(12) market trade-related materials to businesses and organizations, and the proceeds of which must be placed in a special revolving account and are appropriated to the commissioner to prepare and distribute trade-related materials.

(b) The programs and activities of the commissioner of employment and economic development and the Minnesota Trade Division may not duplicate programs and activities of the commissioner of agriculture.

(c) The commissioner shall notify the chairs of the senate Finance and house of representatives Ways and Means Committees of each agreement under this subdivision to establish and maintain an office or other type of representation in a foreign country.

(d) The Minnesota Trade Office shall serve as the state's office of protocol providing assistance to official visits by foreign government representatives and shall serve as liaison to the foreign diplomatic corps in Minnesota.

Subd. 2. **Agricultural promotion.** The commissioner of agriculture and the commissioner of employment and economic development shall cooperate with each other to promote the beneficial agricultural interests of the state. The commissioner of agriculture has primary responsibility for promoting state agricultural interests to international markets. The commissioner of agriculture is also responsible for the promotion of national trade programs related to international marketing. The commissioner of agriculture has primary responsibility for promoting the agriculture interests of producers, promoting state agricultural markets, and promoting agricultural interests of the state in cooperative production and marketing efforts with other states and the United States Department of Agriculture. The commissioner of agriculture is also responsible for promoting the national and international marketing of state agricultural products.

**History:** *1987 c 312 art 1 s 20; 1988 c 686 art 1 s 65; 1993 c 163 art 1 s 20; 1994 c 632 art 4 s 45; 1998 c 386 art 2 s 37; 2000 c 260 s 17; 2003 c 128 art 13 s 23; 1Sp2003 c 4 s 1; 2004 c 206 s 22; 2004 c 228 art 1 s 27; 2004 c 284 art 2 s 12; 2007 c 135 art 2 s 11*

**116J.9661** MS 2020 [Repealed, 2022 c 55 art 1 s 187]

**116J.9665** MS 2002 [Repealed, 2003 c 128 art 13 s 40]

**116J.967** MS 1990 [Repealed, 1991 c 345 art 1 s 117]

**116J.9671** MS 2000 [Repealed, 2001 c 200 s 4]

**116J.9672** MS 2000 [Repealed, 2002 c 380 art 2 s 21]

**116J.9673** MS 2000 [Repealed, 2002 c 380 art 2 s 21]

**116J.968** MS 1988 [Repealed, 1989 c 335 art 4 s 109]

**116J.970** MS 1990 [Repealed, 1988 c 629 s 23; 1991 c 322 s 20]

**116J.971** MS 1990 [Repealed, 1988 c 629 s 23; 1991 c 322 s 20]

**116J.974** MS 1994 [Repealed, 1996 c 310 s 1]

**116J.975** MS 1996 [Repealed, 1997 c 7 art 1 s 40]

**116J.976 STATE APPROVAL OF GOVERNMENT PROCUREMENT AGREEMENTS.**

Any decision of the state to enter into government procurement agreements relating to United States trade agreements must be approved by the governor and the legislature.

**History:** *2008 c 300 s 3*

**116J.977** MS 2010 [Expired, 2008 c 300 s 4]

**116J.978 MINNESOTA TRADE OFFICES IN FOREIGN MARKETS.**

(a) The commissioner of employment and economic development shall establish three new Minnesota Trade Offices in key foreign markets selected for their potential to increase Minnesota exports and attract foreign direct investment.

(b) The commissioner shall establish a performance rating system for the new offices established under this section and create specific annual goals for the offices to meet. The commissioner shall monitor activities of the office, including, but not limited to, the number of inquiries and projects received and completed, meetings arranged between Minnesota companies and potential investors, distributors, or customers, and agreements signed.

**History:** *2013 c 85 art 3 s 10*

**116J.9781 INVEST MINNESOTA.**

The commissioner shall establish the Invest Minnesota marketing initiative. This initiative must focus on branding the state's economic development initiatives and promoting Minnesota business opportunities. The initiative may include measures to communicate the benefits of doing business in Minnesota to companies considering relocating, establishing a United States presence, or expanding.

**History:** *2013 c 85 art 3 s 12*

**116J.979 MINNESOTA STEP GRANTS.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall create a State Trade and Export Promotion grants program, hereafter STEP grants, to provide financial and technical assistance to eligible Minnesota small businesses with an active interest in exporting products or services to foreign markets.

Subd. 2. **Grants.** Recipients may apply, on an application devised by the commissioner, for up to $7,500 in reimbursement for approved export-development activities, including, but not limited to:

(1) participation in trade missions;

(2) export training;

(3) exhibition at trade shows or industry-specific events;

(4) translation of marketing materials;

(5) development of foreign language websites, Gold Key, or other business matchmaking services;

(6) company-specific international sales activities; and

(7) testing and certification required to sell products in foreign markets.

**History:** *2013 c 85 art 3 s 11*

## COMMUNITY DEVELOPMENT

**116J.980 COMMUNITY DEVELOPMENT.**

Subdivision 1. **Duties.** The Department of Employment and Economic Development shall:

(1) be responsible for administering all state community development and assistance programs, including the economic recovery account, the rural development programs, the Minnesota Public Facilities Authority loan and grant programs, and the enterprise zone program;

(2) be responsible for state administration of federally funded community development and assistance programs, including the small cities development grant program, the Minnesota cleanup revolving loan fund program created under the Brownfields Revitalization and Environmental Restoration Act of 2001, Public Law 107-118, title II, under the authority of the United States Environmental Protection Agency, and land and water conservation programs;

(3) provide technical assistance to rural communities for community development in cooperation with regional development commissions;

(4) coordinate the development and review of state rural development policies; and

(5) be responsible for coordinating community assistance and development programs in cooperation with regional development commissions.

Subd. 2. **General complement authority.** The department may combine all related state and federal complement positions into general fund positions, to carry out the responsibilities under subdivision 1. The number of general fund positions must not exceed the aggregate number of all state and federal positions that are to be combined. Records of the actual number of employee hours charged to each state and federal account must be maintained for each general fund position.

Subd. 3. **Coordination required for housing related grants.** The commissioner must coordinate with the commissioner of the Minnesota Housing Finance Agency to ensure that housing related grant applications for the Small Cities Community Development Block Grant Program under section 116J.401 are consistent with the agency's most recent housing affordability plan and do not duplicate existing state housing programs.

Subd. 4. MS 2000 [Repealed, 2001 c 200 s 4]

**History:** *1987 c 312 art 1 s 26 subd 2; 1987 c 386 art 4 s 1; 1989 c 335 art 4 s 106; 1990 c 429 s 1; 1991 c 157 s 1; 1993 c 163 art 1 s 21,22; 1996 c 369 s 9; 1Sp2003 c 4 s 1; 2004 c 206 s 23*

**116J.981** MS 1994 [Repealed, 1996 c 310 s 1; 1996 c 369 s 13]

**116J.982 COMMUNITY DEVELOPMENT CORPORATIONS.**

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

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

(b) "Economic development region" means an area so designated in the governor's executive order number 83-15, dated March 15, 1983.

(c) "Federal poverty level" means the income level published annually by the United States Department of Health and Human Services under authority of the Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, title VI, section 673(2).

(d) "Low income" means an annual income below the federal poverty level.

(e) A "low-income area" means an area in which (1) ten percent of the population have low incomes, or (2) there is one or more recognized subareas such as a census tract, city, township, or county in which 15 percent of the population have low incomes.

Subd. 2. **Administration.** The commissioner shall administer this section except for subdivision 6, which shall be administered by the commissioner of housing finance. The commissioners of employment and economic development and housing finance may, separately or jointly, adopt rules necessary to implement this section.

Subd. 3. **Certification; corporations eligible.** (a) The commissioner shall certify a community development corporation under this section if the corporation is a nonprofit corporation incorporated under chapter 317A and meets the other criteria in this subdivision.

(b) The corporation, in its articles of incorporation or bylaws, must designate a low-income area as the specific geographic community within which it will operate. Within cities of the first class, a designated community must be an identifiable neighborhood or a combination of neighborhoods but may not be the entire city. Outside cities of the first class, a designated community may be an identifiable neighborhood or neighborhoods, or home rule charter or statutory cities, townships, unincorporated areas, or combinations of those entities, but may not be an entire economic development region nor cross existing economic development region boundaries except as provided in this section.

(c) The corporation's major purpose, in its articles of incorporation or bylaws, must be economic development, redevelopment, or housing in its designated community.

(d) The corporation must be tax exempt under section 501, paragraph (c), clause (3), of the Internal Revenue Code of 1986, as amended.

(e) The membership and board of directors of the corporation must be representative of the designated community. At least 20 percent of the directors shall have low incomes or shall reside in low-income areas described in subdivision 1, paragraph (e), clause (1), or the low-income subarea described in subdivision 1, paragraph (e), clause (2). At least 60 percent of the directors must be residents of, or be employed in, the designated community. Other directors shall be business, financial, or civic leaders or representatives-at-large of the designated community. At least 40 percent of the directors must reside in the designated community. Notwithstanding the requirements of this paragraph, a corporation which meets board structure requirements for a Community Housing Development Corporation under Code of Federal Regulations, title 24, part 92.2, is deemed to meet the board membership requirements of this subdivision.

(f) The corporation shall not discriminate against any persons on the basis of a status protected under chapter 363A.

(g) The corporation shall demonstrate that it has or can obtain the technical skills to analyze projects, that it is familiar with available public and private funding sources and economic development, redevelopment, and housing programs, and that it is capable of packaging economic development, redevelopment, and housing projects.

(h) The corporation must have completed two or more economic development, redevelopment, or housing projects within its designated community during the last three years.

Subd. 4. **Approval for certification.** (a) The commissioner shall certify as a community development corporation any organization which meets the criteria in subdivision 3. The certification is for two years from the date of certification and is renewable. The commissioner shall certify as a community development corporation for a nonrenewable period of three years from the date of certification an organization which

meets all the criteria in subdivision 3, except for paragraphs (d) and (h), but which plans to meet those requirements by the end of the three years.

(b) As part of the certification process, the commissioner shall resolve disputes concerning boundaries of the designated community of a community development corporation.

Subd. 5. **Grants; economic development contracts.** The commissioner may make a grant to a community development corporation and enter into contracts with certified community development corporations for:

(1) specific economic development projects within the designated community, such as development of a proposal for a venture grant, or for establishment of a business venture, including assistance to an existing business venture, purchase of partial or full ownership of a business venture, real estate development, strategic development planning, infrastructure development, or development of resources or facilities necessary for the establishment of a business venture;

(2) dissemination of information about, or taking applications for, programs operated by the commissioner; and

(3) developing the internal organizational capacity to engage in economic development activities such as the partnership activities listed in clause (1).

Subd. 6. **Housing contracts.** The commissioner of the housing finance agency may enter into contracts with certified community development corporations for purposes of housing activities associated with economic development activity under subdivision 5.

Subd. 6a. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 7. **Other programs.** A certified community development corporation is eligible to participate in a program available to nonprofit organizations which is operated by the commissioners of employment and economic development or housing finance if the certified development corporation meets the requirements of the program.

Subd. 7a. **Real estate license exemption.** A certified community development corporation is exempt from the licensure requirements of section 82.87.

Subd. 8. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 9. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

**History:** *1987 c 312 art 1 s 26 subd 2; 1987 c 386 art 4 s 3; 1988 c 580 s 2; 1989 c 304 a 137; 1993 c 369 s 49; 1995 c 224 s 57; 1Sp2003 c 4 s 1*

**116J.983** MS 1992 [Repealed, 1993 c 163 art 1 s 35]

**116J.984** Subdivision 1. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 2. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 3. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 4. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 5. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 6. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 7. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 8. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 9. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 10. MS 1992 [Repealed, 1993 c 163 art 1 s 35]

Subd. 11. MS 1992 [Repealed, 1993 c 163 art 1 s 35; 1993 c 337 s 20]

**116J.985** MS 1992 [Repealed, 1993 c 177 s 15]

**116J.986** MS 1994 [Repealed, 1996 c 310 s 1]

**116J.987** MS 2012 [Repealed, 2014 c 271 art 1 s 3]

**116J.988** MS 2012 [Repealed, 2014 c 271 art 1 s 3]

**116J.989** MS 2012 [Repealed, 2014 c 271 art 1 s 3]

**116J.990** Subdivision 1. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 2. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 3. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 4. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 5. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 6. MS 2012 [Repealed, 2014 c 271 art 1 s 3]

Subd. 7. MS 1996 [Repealed, 1997 c 200 art 1 s 74]

**116J.991** MS 1998 [Repealed, 1999 c 243 art 12 s 4]

**116J.992** MS 2000 [Repealed, 2001 c 200 s 4]

**116J.9921 OFFICE OF PUBLIC SERVICE.**

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

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

(c) "Office" means the Office of Public Service established under this section.

(d) "Public service opportunity" means a public service position, including but not limited to those in the ServeMinnesota Innovation Act, sections 124D.37 to 124D.45; the Domestic and Volunteer Service Act of 1973, United States Code, title 42, section 4950, as amended; and the National and Community Service Act of 1990, United States Code, title 42, section 12501, as amended.

(e) "ServeMinnesota" means the Minnesota Commission on National and Community Service as established in section 124D.385.

Subd. 2. **Office established; purpose.** (a) An Office of Public Service 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 promote and expand existing public service opportunities, ensure state public service goals and strategy align with the state's workforce development strategy, identify available service opportunities across the state, identify areas for expansion of service programs, and create and strengthen career pathways aligned with public service opportunities.

Subd. 3. **Organization.** The office shall consist of a director and 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 agencies including but not limited to Minnesota Management and Budget and the Department of Education, and with state and federal public service organizations such as ServeMinnesota to develop, recommend, and implement solutions to promote and expand existing public service opportunities;

(2) administer the Service to Success Opportunity grant program and other appropriations to the department for this purpose;

(3) identify state and federal public service opportunities;

(4) develop career pathways aligned with public service opportunities;

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

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

Subd. 5. **Reporting.** (a) Beginning January 15, 2027, and every two years thereafter, the Office of Public Service shall report to the legislative committees with jurisdiction over the Department of Employment and Economic Development on 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) an update of any grants administered by the office, including the number of grants, grant recipients, average grant amount, and outcomes of those grants;

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

(4) any other information requested by the legislative committees with jurisdiction over the Department of Employment and Economic Development, or that the office deems necessary.

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

**History:** *1Sp2025 c 6 art 4 s 6*

**116J.9922 CENTRAL MINNESOTA OPPORTUNITY 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 initiative" means a nonprofit organization which provides services to central Minnesota communities of color in one or more of the program areas listed in subdivision 4, paragraph (a).

(d) "Foundation" means the Central Minnesota Community Foundation.

Subd. 2. **Establishment.** The commissioner shall establish a central Minnesota opportunity grant program, administered by the foundation, to identify and support community initiatives in the St. Cloud area that enhance long-term economic self-sufficiency by improving education, housing, and economic outcomes for central Minnesota communities of color.

Subd. 3. **Grant to the Central Minnesota Community Foundation.** The commissioner shall award all grant funds to the foundation, which shall administer the central Minnesota opportunity grant program. The foundation may use up to five percent of grant funds for administrative costs.

Subd. 4. **Grants to community initiatives.** (a) The foundation must award funds through a competitive grant process to community initiatives that will provide services, either alone or in partnership with another nonprofit organization, in one or more of the following areas:

(1) economic development, including but not limited to programs to foster entrepreneurship or small business development;

(2) education, including but not limited to programs to encourage civic engagement or provide youth after-school or recreation programs; or

(3) housing, including but not limited to, programs to prevent and respond to homelessness or to provide access to loans or grants for housing stability and affordability.

(b) To receive grant funds, a community initiative must submit a written application to the foundation, using a form developed by the foundation. This grant application must include:

(1) a description of the activities that will be funded by the grant;

(2) an estimate of the cost of each grant activity;

(3) the total cost of the project;

(4) the sources and amounts of nonstate funds supplementing the grant;

(5) how the project aims to achieve stated outcomes in areas including improved job training; workforce development; small business support; early childhood, kindergarten through grade 12, and higher education achievement; and access to housing, including loans; and

(6) any additional information requested by the foundation.

(c) In awarding grants under this subdivision, the foundation shall give weight to applications from organizations that demonstrate:

(1) a history of successful provision of the services listed in paragraph (a); and

(2) a history of successful fundraising from private sources for such services.

(d) In evaluating grant applications, the foundation shall not consider the composition of a community initiative's governing board.

(e) Grant funds may be used by a community initiative for the following purposes:

(1) operating costs, including but not limited to staff, office space, computers, software, and web development and maintenance services;

(2) program costs;

(3) travel within Minnesota;

(4) consultants directly related to and necessary for delivering services listed in paragraph (a); and

(5) capacity building.

Subd. 5. **Reports to the legislature.** By January 15, 2019, and each January 15 thereafter through 2022, 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 economic development that details the use of grant funds. This report must include data on the number of individuals served and, to the extent practical, measures of progress toward achieving the outcomes stated in subdivision 4, paragraph (b), clause (5).

**History:** *2017 c 94 art 6 s 8*

**116J.9923 TELECOMMUTER FORWARD! CERTIFICATION.**

Subdivision 1. **Definition.** In this section, "political subdivision" means a city, township, or county.

Subd. 2. **Certification.** A political subdivision may apply to the commissioner of employment and economic development for certification as a Telecommuter Forward! Community. The commissioner of employment and economic development shall prescribe the form and manner for making an application. Before approving an application, the commissioner shall consider the application and the information in subdivision 3.

Subd. 3. **Resolution.** In addition to the application in subdivision 2, a political subdivision must adopt a resolution that does both of the following:

(1) states the political subdivision's support and commitment to promote the availability of telecommuting options; and

(2) provides for a single point of contact for coordinating telecommuting opportunities that has all of the following responsibilities:

(i) coordination and partnership with broadband providers, realtors, economic development professionals, employers, employees, and other telecommuting stakeholders;

(ii) collaboration with broadband providers and employers to identify, develop, and market telecommuter-capable broadband packages;

(iii) communication and partnership with broadband providers and economic development professionals to develop common goals;

(iv) promotion of telecommuter-friendly work spaces, such as business incubators with telecommuting spaces, if such a work space has been established in the political subdivision at the time the political subdivision adopts the resolution;

(v) familiarity with broadband mapping tools and other state-level resources;

(vi) maintaining regular communication with the state broadband office; and

(vii) making regular reports to the governing body of the political subdivision.

**History:** *2019 c 13 s 1*

**116J.9924 TARGETED COMMUNITY CAPITAL PROJECT GRANT PROGRAM.**

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

(b) "Capital project" or "project" means the acquisition or betterment of buildings or other fixed assets and other improvements of a capital nature.

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

(d) "Economically disadvantaged persons or groups" means one or more persons or groups that:

(1) qualify as a low-income person as defined under section 116M.14, subdivision 4a; or

(2) live in a low-income area as defined under section 116M.14, subdivision 4.

(e) "Government entity" means a city, township, county, or any political subdivision, or an American Indian Tribal government entity located within a federally recognized American Indian reservation.

(f) "Nonprofit organization" means a not-for-profit corporation under section 501(c)(3) of the Internal Revenue Code or a Tribal nonprofit under section 7871 of the Internal Revenue Code that serves underserved communities or economically disadvantaged persons or groups.

(g) "Underserved community" means one or more persons or groups that qualify as:

(1) a minority person as defined under section 116M.14, subdivision 6; or

(2) persons with disabilities as defined under section 116M.14, subdivision 9.

Subd. 2. **Grant program established.** (a) The commissioner shall make competitive grants for capital projects to nonprofit organizations and government entities that provide, increase, or expand services to underserved communities or economically disadvantaged persons or groups.

(b) The commissioner shall give priority to applicants under subdivision 3 that:

(1) do not have a history of receiving capital grants from the state;

(2) demonstrate local support for the project;

(3) address needs for an underserved community, an economically disadvantaged area, or people or groups who are economically disadvantaged;

(4) provide community benefits; or

(5) have previously received phased grant funds as described under subdivision 4.

(c) In selecting projects for grants, the commissioner must equitably divide the total appropriation between the metropolitan areas and greater Minnesota.

Subd. 3. **Eligibility.** A prospective grantee under this section must submit a written application to the commissioner in the form, at the time, and in the manner prescribed by the commissioner. The written application must include:

(1) a description of the capital project to be funded by the grant;

(2) the rationale for the project, including a description of the services provided and populations served by the applicant;

(3) the total cost of the project and the cost of individual phases of the project, including but not limited to predesign, design, construction, engineering, furnishing, and equipping;

(4) the requested grant amount;

(5) the property owner of the facility to be improved;

(6) the sources and amounts of state and nonstate funds previously received and committed to the project;

(7) the public purpose achieved by the project;

(8) an estimated timeline of the project; and

(9) any additional information requested by the commissioner.

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

Subd. 5. **Match.** (a) The commissioner may not award a grant for which the applicant does not provide nonstate funds for the project unless the applicant:

(1) is located in an area with a very low net tax capacity;

(2) the applicant is experiencing hardship; or

(3) the applicant serves underserved communities or economically disadvantaged persons or groups.

(b) For the purposes of this section, "area with a very low net tax capacity" means a city with a net tax capacity per capita that is less than the median net tax capacity per capita among all cities statewide.

Subd. 6. **Applicability of other laws.** The provisions of chapter 16A that apply to general fund appropriations for capital projects also apply to grants under this section. Money granted under this section is available until the project is completed or abandoned subject to section 16A.642.

Subd. 7. **Appropriation; administration and monitoring.** Up to five percent of any appropriation for the program under this section is for administration and monitoring of the program. The commissioner must also use the funds under this subdivision to provide technical assistance, education, and support for program applicants, as needed, and may contract with a third-party to provide such services.

Subd. 8. **Report to the legislature.** On or before January 31, 2022, and every January 31 thereafter, the commissioner must submit a report as required under section 3.195 that details the grants awarded under this section, including the total grants distributed, the recipients of the grants, the services supported by the grants, and any other information the commissioner deems pertinent. A copy of this report must also be sent to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over capital investment and economic development.

**History:** *1Sp2021 c 14 art 11 s 10*

**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.

(f) "Low-income person" means a person who:

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

(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.

(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 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. 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 grants must be for no more than $100,000. All loans must be for no more than $1,000,000.

(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 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 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 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. 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 March 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.

**History:** *2023 c 53 art 15 s 16*

## BUSINESS SUBSIDIES

### 116J.993 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 116J.993 to 116J.995, the terms defined in this section have the meanings given them.

Subd. 2. **Benefit date.** "Benefit date" means the date that the recipient receives the business subsidy. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date begins when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either:

(1) when the improvements are finished for the entire project; or

(2) when a business occupies the property. If a business occupies the property and the subsidy grantor expects that other businesses will also occupy the same property, the grantor may assign a separate benefit date for each business when it first occupies the property.

Subd. 3. **Business subsidy.** "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) a business subsidy of less than $150,000;

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;

(6) assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

(11) workers' compensation and unemployment insurance;

(12) benefits derived from regulation;

(13) indirect benefits derived from assistance to educational institutions;

(14) funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(15) assistance for a collaboration between a Minnesota higher education institution and a business;

(16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature;

(19) federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

(20) funds from dock and wharf bonds issued by a seaway port authority;

(21) business loans and loan guarantees of $150,000 or less;

(22) federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and

(23) property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Subd. 4. **Grantor.** "Grantor" means any state or local government agency with the authority to grant a business subsidy.

Subd. 5. **Local government agency.** "Local government agency" includes a statutory or home rule charter city, housing and redevelopment authority, town, county, port authority, economic development authority, community development agency, nonprofit entity created by a local government agency, or any other entity created by or authorized by a local government with authority to provide business subsidies.

Subd. 6. **Recipient.** "Recipient" means any for-profit or nonprofit business entity that receives a business subsidy. Only nonprofit entities with at least 100 full-time equivalent positions and with a ratio of highest to lowest paid employee, that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.

Subd. 6a. **Residence.** "Residence" means the place where an individual has established a permanent home from which the individual has no present intention of moving.

Subd. 7. **State government agency.** "State government agency" means any state agency that has the authority to award business subsidies.

**History:** *1999 c 243 art 12 s 1; 2000 c 482 s 1; 2004 c 206 s 52; 1Sp2005 c 3 art 7 s 1; 2006 c 259 art 4 s 1; 2008 c 366 art 5 s 2*

**116J.994 REGULATING LOCAL AND STATE BUSINESS SUBSIDIES.**

Subdivision 1. **Public purpose.** A business subsidy must meet a public purpose which may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable.

Subd. 2. **Developing a set of criteria.** A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with this section. The

criteria may not be adopted on a case-by-case basis. The criteria must set specific minimum requirements that recipients must meet in order to be eligible to receive business subsidies. The criteria must include a specific wage floor for the wages to be paid for the jobs created. The wage floor may be stated as a specific dollar amount or may be stated as a formula that will generate a specific dollar amount. A grantor may deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the department. The commissioner of employment and economic development may assist local government agencies in developing criteria. A copy of the criteria must be submitted to the Department of Employment and Economic Development along with the first annual report following May 15, 2000, or with the first annual report after it has adopted criteria, whichever is earlier. Notwithstanding section 116J.993, subdivision 3, clauses (1) and (21), for the purpose of this subdivision, "business subsidies" as defined under section 116J.993 includes the following forms of financial assistance:

(1) a business subsidy of $25,000 or more; and

(2) business loans and guarantees of $75,000 or more.

Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

(2) a statement of the public purposes for the subsidy;

(3) measurable, specific, and tangible goals for the subsidy;

(4) a description of the financial obligation of the recipient if the goals are not met;

(5) a statement of why the subsidy is needed;

(6) a commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date;

(7) the name and address of the parent corporation of the recipient, if any; and

(8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans and are subject to the financial review under section 16B.981. For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

(e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be authorized to move from the jurisdiction where the subsidy is used within the five-year period after the benefit date if, after a public hearing, the grantor approves the recipient's request to move. For the purpose of this paragraph, if

the grantor is a state government agency other than the Department of Iron Range Resources and Rehabilitation, "jurisdiction" means a city or township.

Subd. 4. **Wage and job goals.** The subsidy agreement, in addition to any other goals, must include: (1) goals for the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained; (2) wage goals for any jobs created or retained; and (3) wage goals for any jobs to be enhanced through increased wages. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero. The goals for the number of jobs to be created or retained must result in job creation or retention by the recipient within the granting jurisdiction overall.

In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Subd. 5. **Public notice and hearing.** (a) Before granting a business subsidy that exceeds $500,000 for a state government grantor and $150,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the commissioner of Iron Range resources and rehabilitation, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the commissioner of Iron Range resources and rehabilitation must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the commissioner of Iron Range resources and rehabilitation must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and rehabilitation.

(f) The public notice of any public meeting about a business subsidy agreement, including those required by this subdivision and by subdivision 4, must include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

Subd. 6. **Failure to meet goals.** (a) The subsidy agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor or, at the grantor's option, to the account created under section 116J.551 provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of

Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year. The grantor, after a public hearing, may extend for up to one year the period for meeting the wage and job goals under subdivision 4 provided in a subsidy agreement. A grantor may extend the period for meeting other goals under subdivision 3, paragraph (a), clause (3), by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the department.

(b) A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

(c) Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by this section to determine if the recipient is eligible to receive a business subsidy.

Subd. 7. **Reports by recipients to grantors.** (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the local government agency that provided the subsidy or to the commissioner if the grantor is a state agency. If the commissioner of Iron Range resources and rehabilitation is the grantor, the copies must be sent to the commissioner of Iron Range resources and rehabilitation. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;

(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;

(8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(9) the name and address of the parent corporation of the recipient, if any;

(10) a list of all financial assistance by all grantors for the project; and

(11) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year. The local agency and the commissioner of Iron Range resources and rehabilitation must forward copies of the reports received by recipients to the commissioner by April 1.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting requirements of this subdivision, except that the report of the recipient must include instead:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the assistance is tax increment financing;

(2) progress towards meeting goals stated in the assistance agreement and the public purpose of the assistance;

(3) if the agreement includes job creation, the hourly wage of each job created with separate bands of wages;

(4) if the agreement includes job creation, the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of $100 for each subsequent day until the report is filed. The maximum penalty shall not exceed $1,000.

Subd. 8. **Reports by grantors.** (a) Local government agencies of a local government with a population of more than 2,500 and state government agencies, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the commissioner. Local government agencies of a local government with a population of 2,500 or less are exempt from filing this report if they have not awarded a business subsidy in the past five years. The report must include a list of recipients that did not complete the recipient report required under subdivision 7 and a list of recipients that have not met their job and wage goals within two years and the steps being taken to bring them into compliance or to recoup the subsidy.

If the commissioner has not received the report by April 1 from an entity required to report, the commissioner shall issue a warning to the government agency. If the commissioner has still not received the report by June 1 of that same year from an entity required to report, then that government agency may not award any business subsidies until the report has been filed.

(b) The report required under paragraph (a) is also required for financial assistance of $25,000 and greater that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clause (1), and of $75,000 and greater that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clause (21). The report for the financial assistance under this paragraph must be completed within one year of the granting of the financial assistance. The report required for financial assistance under this paragraph must include:

(1) the name of the recipient, its organizational structure, its address and contact information, and its industry sector;

(2) a description of the amount and use of the financial assistance and the total project budget, including a list of all financial assistance by all grantors for the project and the private sources of financial assistance;

(3) the public purpose of the financial assistance, the job goals associated with both the financial assistance and the total project in which the financial assistance is included, the hourly wage of each job created, and the cost of health insurance provided by the employer;

(4) the date the project will be completed;

(5) the name and address of the parent corporation of the recipient, if any; and

(6) any other information the commissioner may request.

(c) Within one year of completing a report under paragraph (b), the local government agency must report to the commissioner on progress in achieving the purposes and goals under paragraph (b), clause (3).

(d) The commissioner of employment and economic development must provide information on reporting requirements to state and local government agencies.

Subd. 9. **Compilation and summary report.** The Department of Employment and Economic Development must publish a compilation and summary of the results of the reports for the previous two calendar years by December 1 of 2004 and every other year thereafter. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public. The commissioner must make copies of all business subsidy reports submitted by local and state granting agencies available on the department's website by October 1 of the year in which they were submitted.

The commissioner must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies. Among the information in the summary and compilation report, the commissioner must include:

(1) total amount of subsidies awarded in each development region of the state;

(2) distribution of business subsidy amounts by size of the business subsidy;

(3) distribution of business subsidy amounts by time category;

(4) distribution of subsidies by type and by public purpose;

(5) percent of all business subsidies that reached their goals;

(6) percent of business subsidies that did not reach their goals by two years from the benefit date;

(7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;

(8) percent of subsidies that did not meet their goals and that did not receive repayment;

(9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years and have not satisfied their repayment obligations;

(10) number of part-time and full-time jobs within separate bands of wages for the entire state and for each development region of the state;

(11) benefits paid within separate bands of wages for the entire state and for each development region of the state; and

(12) number of employees in the entire state and in each development region of the state who ceased to be employed because their employers relocated to become eligible for a business subsidy.

Subd. 10. **Compilation.** The Department of Employment and Economic Development must publish a compilation of granting agencies' criteria policies adopted in the previous two calendar years by December 1 of 2004 and every other year thereafter.

Subd. 11. **Enforcement.** (a) A person with residence in or an owner of taxable property located in the jurisdiction of the grantor may bring an action for equitable relief arising out of the failure of the grantor to comply with sections 116J.993 to 116J.995. The court may award a prevailing party in an action under this subdivision costs and reasonable attorney fees.

(b) Prior to bringing an action, the party must file a written complaint with the grantor stating the alleged violation and proposing a remedy. The grantor has up to 30 days to reply to the complaint in writing and may take action to comply with sections 116J.993 to 116J.995.

(c) The written complaint under this subdivision for failure to comply with subdivisions 1 to 5, must be filed with the grantor within 180 days after approval of the subsidy agreement under subdivision 3, paragraph (d). An action under this subdivision must be commenced within 30 days following receipt of the grantor's reply, or within 180 days after approval of the subsidy agreement under subdivision 3, paragraph (d), whichever is later.

**History:** *1999 c 243 art 12 s 2; 2000 c 482 s 2-11; 2001 c 7 s 28; 2003 c 128 art 13 s 24-26; 1Sp2003 c 4 s 1; 2004 c 206 s 24,25; 1Sp2005 c 1 art 4 s 23,24; 1Sp2005 c 3 art 7 s 2-5; 2008 c 366 art 5 s 3-5; 2017 c 94 art 7 s 11-13; 2023 c 62 art 7 s 13*

## 116J.995 ECONOMIC GRANTS.

An appropriation rider in an appropriation to the Department of Employment and Economic Development that specifies that the appropriation be granted to a particular business or class of businesses must contain a statement of the expected benefits associated with the grant. At a minimum, the statement must include goals for the number of jobs created or enhanced, wages paid, and the tax revenue increases due to the grant. The wage and job goals must contain specific goals to be attained within two years of the benefit date. The statement must specify the recipient's obligation if the recipient does not attain the goals. At a minimum, the statement must require a recipient failing to meet the job and wage goals to pay back the assistance plus interest to the Department of Employment and Economic Development provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator as defined under section 116J.994, subdivision 6. The legislature, after a public hearing, may extend for up to one year the period for meeting the goals provided in the statement.

**History:** *1999 c 243 art 12 s 3; 2000 c 482 s 12; 2001 c 7 s 29; 2003 c 128 art 13 s 27; 1Sp2003 c 4 s 1*

## 116J.996 MILITARY RESERVIST ECONOMIC INJURY AND VETERAN-OWNED SMALL BUSINESS LOANS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Active service" has the meaning given in section 190.05.

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

(d) "Eligible business" means a small business, as defined in section 645.445, that was operating in Minnesota on the date a military reservist received orders for active service.

(e) "Essential employee" means a military reservist who is an owner or employee of an eligible business and whose managerial or technical expertise is critical to the day-to-day operation of the eligible business.

(f) "Military reservist" means a member of the reserve component of the armed forces.

(g) "Reserve component of the armed forces" has the meaning given it in United States Code, title 10, section 101(c).

(h) "Substantial economic injury" means an economic harm to an eligible business that results in the inability of the eligible business to:

(1) meet its obligations as they mature;

(2) pay its ordinary and necessary operating expenses; or

(3) manufacture, produce, market, or provide a product or service ordinarily manufactured, produced, marketed, or provided by the eligible business.

(i) "Veteran-owned small business" means a small business, as defined in section 645.445, that is majority-owned and operated by a recently separated veteran.

Subd. 2. **Loan program.** The commissioner may make onetime, interest-free loans of up to $20,000 per borrower to:

(1) eligible businesses that have sustained or are likely to sustain substantial economic injury as a result of the call to active service for 180 days or more of an essential employee; or

(2) recently separated veterans who are veterans as defined in section 197.447, and have served in active military service, at any time on or after September 11, 2001, to start a veteran-owned small business.

Loans for economic injury must be made for the purpose of preventing, remedying, or ameliorating the substantial economic injury.

Subd. 3. **Revolving loan account.** The commissioner shall use money appropriated for the purpose to establish a revolving loan account. All repayments of loans made under this section must be deposited into this account. Interest earned on money in the account accrues to the account. Money in the account is appropriated to the commissioner for purposes of the loan program created in this section, including costs incurred by the commissioner to establish and administer the program.

Subd. 4. **Rules.** Using the expedited rulemaking procedures of section 14.389, the commissioner shall develop and publish expedited rules for loan applications, use of funds, needed collateral, terms of loans, and other details of military reservist economic injury and veteran-owned small business loans.

**History:** *2008 c 300 s 5; 2008 c 363 art 10 s 10; 2010 c 347 art 1 s 6*

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