

- 1.1 ..... moves to amend H.F. No. 4355, the delete everything amendment  
1.2 (A22-0405), as follows:
- 1.3 Page 1, line 19, delete "186,500,000" and insert "186,750,000"
- 1.4 Page 1, line 24, delete "25,500,000" and insert "25,750,000"
- 1.5 Page 2, line 4, delete "160,000,000" and insert "134,300,000"
- 1.6 Page 2, delete lines 5 to 9
- 1.7 Page 2, line 13, before the period, insert "and is available until June 30, 2025"
- 1.8 Page 2, line 14, after "for" insert "deposit in"
- 1.9 Page 2, line 15, after "program" insert "account"
- 1.10 Page 2, line 19, delete "116J.9926" and insert "116J.8751"
- 1.11 Page 2, delete lines 22 to 25
- 1.12 Reletter the paragraphs in sequence
- 1.13 Page 2, line 32, delete "116J.8751" and insert "116J.9926"
- 1.14 Page 3, line 5, delete "pandemic relief" and insert "small business recovery"
- 1.15 Page 3, line 6, before the period, insert "and is available until June 30, 2024"
- 1.16 Page 4, line 27, delete "26,500,000" and insert "52,450,000"
- 1.17 Page 4, line 29, delete "1,000,000" and insert "26,700,000"
- 1.18 Page 4, line 31, delete "25,500,000" and insert "25,750,000"
- 1.19 Page 5, line 14, delete "\$500,000" and insert "\$750,000"
- 1.20 Page 7, after line 13, insert:

2.1 "(e) \$470,000 in fiscal year 2023 is for  
2.2 activities associated with the office for new  
2.3 Americans in Minnesota Statutes, section  
2.4 116J.4231. Beginning in fiscal year 2024, the  
2.5 base amount is \$500,000.

2.6 (f) \$25,230,000 in fiscal year 2023 is for the  
2.7 targeted community capital project grant  
2.8 program under Minnesota Statutes, section  
2.9 116J.9924. This is a onetime appropriation."

2.10 Page 12, line 16, strike "116J.575" and insert "116J.571"

2.11 Page 12, line 17, before "In" insert "This appropriation is available until spent."

2.12 Page 13, line 2, before the period, insert "and state funds may be used for 100 percent  
2.13 of the cost of such projects"

2.14 Page 22, line 32, before the period, insert "in compliance with state record retention  
2.15 requirements"

2.16 Page 23, delete section 5 and insert:

2.17 "Sec. 5. Minnesota Statutes 2021 Supplement, section 116J.8749, is amended to read:

2.18 **116J.8749 MAIN STREET ECONOMIC REVITALIZATION PROGRAM.**

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

2.21 (b) "Borrower" means an eligible recipient receiving a loan guaranteed or capitalized  
2.22 under this section.

2.23 (c) "Capitalized loan" means a loan for which the state provides up to 20 percent of the  
2.24 loan funding with the state funds payment subordinate in the event of default.

2.25 ~~(e)~~ (d) "Commissioner" means the commissioner of employment and economic  
2.26 development.

2.27 ~~(d)~~ (e) "Eligible project" means the development, redevelopment, demolition, site  
2.28 preparation, predesign, design, engineering, repair, or renovation of real property or capital  
2.29 improvements. Eligible projects must be designed to address the greatest economic  
2.30 development and redevelopment needs that have arisen in the community surrounding that  
2.31 real property since March 15, 2020. Eligible project includes but is not limited to the

3.1 construction of buildings, infrastructure, and related site amenities, landscaping, or  
3.2 street-scaping. Eligible project does not include the purchase of real estate or business  
3.3 operations or business operating expenses, such as inventory, wages, or working capital.

3.4 ~~(e)~~ (f) "Eligible recipient" means a:

3.5 (1) business;

3.6 (2) nonprofit organization; or

3.7 (3) developer

3.8 that is seeking funding to complete an eligible project. Eligible recipient does not include  
3.9 a partner organization or a local unit of government.

3.10 ~~(f)~~ (g) "Guaranteed loan" means a loan guaranteed by the state for 80 percent of the loan  
3.11 amount for a maximum period of 15 years from the origination of the loan.

3.12 ~~(g)~~ (h) "Leveraged grant" means a grant that is matched by the eligible recipient's  
3.13 commitment to the eligible project of nonstate funds at a level of 200 percent of the grant  
3.14 amount. The nonstate match may include but is not limited to funds contributed by a partner  
3.15 organization and insurance proceeds.

3.16 ~~(h)~~ (i) "Loan guarantee trust fund" means a dedicated account established under this  
3.17 section for the purpose of compensation for defaulted loan guarantees.

3.18 (j) "Low-income area" means a census tract that has a poverty rate of at least 20 percent  
3.19 as reported in the most recently completed decennial census published by the United States  
3.20 Bureau of the Census.

3.21 ~~(i)~~ (k) "Partner organizations" or "partners" means:

3.22 (1) foundations engaged in economic development;

3.23 (2) community development financial institutions; and

3.24 (3) community development corporations.

3.25 ~~(j)~~ (l) "Program" means the Main Street Economic Revitalization Program under this  
3.26 section.

3.27 ~~(k)~~ (m) "Subordinated loan" means a loan secured by a lien that is lower in priority than  
3.28 one or more specified other liens.

3.29 Subd. 2. **Establishment.** The commissioner shall establish the Main Street Economic  
3.30 Revitalization Program to make grants to partner organizations to fund leveraged grants,  
3.31 capitalized loans, and guaranteed loans to specific named eligible recipients for eligible

4.1 projects that are designed to address the greatest economic development and redevelopment  
4.2 needs that have arisen in the surrounding community since March 15, 2020.

4.3 Subd. 3. **Grants to partner organizations.** (a) The commissioner shall make grants to  
4.4 partner organizations to provide leveraged grants, capitalized loans, and guaranteed loans  
4.5 to eligible recipients using criteria, forms, applications, and reporting requirements developed  
4.6 by the commissioner.

4.7 (b) To be eligible for a grant, a partner organization must:

4.8 (1) outline a plan to provide leveraged grants, capitalized loans, and guaranteed loans  
4.9 to eligible recipients for specific eligible projects that represent the greatest economic  
4.10 development and redevelopment needs in the surrounding community. This plan must  
4.11 include an analysis of the economic impact of the eligible projects the partner organization  
4.12 proposes to make these investments in;

4.13 (2) establish a process of ensuring there are no conflicts of interest in determining awards  
4.14 under the program; and

4.15 (3) demonstrate that the partner organization has raised funds for the specific purposes  
4.16 of this program to commit to the proposed eligible projects or will do so within the 15-month  
4.17 period following the encumbrance of funds. Existing assets and state or federal funds may  
4.18 not be used to meet this requirement.

4.19 (c) Grants shall be made in up to three rounds:

4.20 (1) a first round with an application date before September 1, 2021, during which no  
4.21 more than 50 percent of available funds will be granted;

4.22 (2) a second round with an application date after September 1, 2021, but before March  
4.23 1, 2022; and

4.24 (3) a third round with an application date after June 30, 2023, if any funds remain after  
4.25 the first two rounds.

4.26 A partner may apply in multiple rounds for projects that were not funded in earlier rounds  
4.27 or for new projects.

4.28 (d) Up to four percent of a grant under this subdivision may be used by the partner  
4.29 organization for administration and monitoring of the program.

4.30 Subd. 4. **Award criteria.** In awarding grants under this section, the commissioner shall  
4.31 give funding preference to applications that:

5.1 (1) have the greatest regional economic impact under subdivision 3, paragraph (b), clause  
5.2 (1), particularly with regard to increasing the local tax base; and

5.3 (2) have the greatest portion of the estimated cost of the eligible projects met through  
5.4 nonstate funds.

5.5 Subd. 5. **Leveraged grants to eligible recipients.** (a) A leveraged grant to an eligible  
5.6 recipient shall be for no more than \$750,000.

5.7 (b) A leveraged grant may be used to finance no more than 30 percent of an eligible  
5.8 project.

5.9 (c) An eligible project must have secured commitments for all required matching funds  
5.10 and all required development approvals before a leveraged grant may be distributed.

5.11 (d) The commissioner may waive the matching fund requirement for projects located  
5.12 in low-income areas.

5.13 Subd. 6. **Capitalized and guaranteed loans to eligible recipients.** (a) A capitalized or  
5.14 guaranteed loan to an eligible recipient must:

5.15 (1) be for no more than \$2,000,000; and

5.16 (2) be for a term of no more than 15 years; ~~and~~.

5.17 (3) In addition, all capitalized loans shall comply with the terms under subdivision 6a  
5.18 and all guaranteed loans shall comply with the terms under subdivision 7.

5.19 (b) An eligible project must have all required development approvals before a capitalized  
5.20 or guaranteed loan may be distributed.

5.21 (c) Upon origination of a capitalized loan, the commissioner shall authorize disbursement  
5.22 of up to 20 percent of the loan amount to the partner organization.

5.23 ~~(e)~~ (d) Upon origination of a guaranteed loan, the commissioner must reserve ten percent  
5.24 of the loan amount into the loan guarantee trust fund created under subdivision 8.

5.25 ~~(d)~~ (e) No capitalized or guaranteed loan may be made to an eligible recipient after  
5.26 December 31, 2024.

5.27 Subd. 6a. **Required terms for capitalized loans.** For a capitalized loan under the  
5.28 program:

5.29 (1) principal and interest payments made by the borrower under the terms of the loan  
5.30 shall be allocated first to the nonstate portion of the loan and second to the state portion of  
5.31 the loan;

6.1 (2) the partner organization shall not accelerate repayment of the loan or exercise other  
6.2 remedies if the borrower defaults, unless:

6.3 (i) the borrower fails to make a required payment of principal or interest within 60 days  
6.4 of the due date; or

6.5 (ii) the commissioner consents in writing;

6.6 (3) the partner organization must timely prepare and deliver to the commissioner, annually  
6.7 by the date specified in the loan agreement, an audited or reviewed financial statement for  
6.8 the loan, prepared by a certified public accountant according to generally accepted accounting  
6.9 principles, if available, and documentation that the borrower used the loan proceeds solely  
6.10 for an eligible project;

6.11 (4) the commissioner shall have access to loan documents at any time subsequent to the  
6.12 loan documents being submitted to the partner organization;

6.13 (5) the partner organization must maintain adequate records and documents concerning  
6.14 the loan so that the commissioner may determine the borrower's financial condition and  
6.15 compliance with program requirements;

6.16 (6) the state portion of the loan may be subordinate to other loans made by lenders in  
6.17 the overall financing package; and

6.18 (7) repayments of the state portion of the loan may be retained by the partner organization  
6.19 for capitalizing additional redevelopment projects.

6.20 **Subd. 7. Required terms for guaranteed loans.** For a guaranteed loan under the  
6.21 program:

6.22 (1) principal and interest payments made by the borrower under the terms of the loan  
6.23 are to reduce the guaranteed and nonguaranteed portion of the loan on a proportionate basis.  
6.24 The nonguaranteed portion shall not receive preferential treatment over the guaranteed  
6.25 portion;

6.26 (2) the partner organization shall not accelerate repayment of the loan or exercise other  
6.27 remedies if the borrower defaults, unless:

6.28 (i) the borrower fails to make a required payment of principal or interest within 60 days  
6.29 of the due date; or

6.30 (ii) the commissioner consents in writing;

7.1 (3) in the event of a default, the partner organization may not make a demand for payment  
7.2 pursuant to the guarantee unless the commissioner agrees in writing that the default has  
7.3 materially affected the rights or security of the parties;

7.4 (4) the partner organization must timely prepare and deliver to the commissioner, annually  
7.5 by the date specified in the loan guarantee, an audited or reviewed financial statement for  
7.6 the loan, prepared by a certified public accountant according to generally accepted accounting  
7.7 principles, if available, and documentation that the borrower used the loan proceeds solely  
7.8 for an eligible project;

7.9 (5) the commissioner shall have access to loan documents at any time subsequent to the  
7.10 loan documents being submitted to the partner organization;

7.11 (6) the partner organization must maintain adequate records and documents concerning  
7.12 the loan so that the commissioner may determine the borrower's financial condition and  
7.13 compliance with program requirements;

7.14 (7) orderly liquidation of collateral securing the loan must be provided for in the event  
7.15 of default, pursuant to the loan guarantee; and

7.16 (8) the guaranteed portion of the loan may be subordinate to other loans made by lenders  
7.17 in the overall financing package.

7.18 Subd. 8. **Loan guarantee trust fund established.** A loan guarantee trust fund account  
7.19 in the special revenue fund is created in the state treasury to pay for defaulted loan guarantees.  
7.20 The commissioner shall administer this account. The day that this section expires, all  
7.21 remaining funds in the account are canceled to the general fund.

7.22 Subd. 9. **Statewide program.** In proportion to eligible demand, leveraged grants,  
7.23 capitalized loans, and guaranteed loans under this section shall be made so that an  
7.24 approximately equal dollar amount of leveraged grants, capitalized loans, and guaranteed  
7.25 loans are made to businesses in the metropolitan area as in the nonmetropolitan area, not  
7.26 to exceed 65 percent in any one area. After June 30, 2023, the department may allow  
7.27 leveraged grants, capitalized loans, and guaranteed loans to be made anywhere in the state  
7.28 without regard to geographic area.

7.29 Subd. 10. **Exemptions.** All grants and grant-making processes under this section are  
7.30 exempt from Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98,  
7.31 subdivisions 5, 7, and 8. The commissioner must audit the use of funds under this section  
7.32 in accordance with standard accounting practices. The exemptions under this subdivision  
7.33 expire on December 31, 2023.

8.1 Subd. 11. **Reports.** (a) By January 31, 2022, and annually until December 31, 2026,  
 8.2 after which biennial reporting will be permitted after the commissioner consults with the  
 8.3 legislature, partner organizations participating in the program must provide a report to the  
 8.4 commissioner that includes descriptions of the eligible projects supported by the program,  
 8.5 the type and amount of support provided, any economic development gains attributable to  
 8.6 the support, and an explanation of administrative expenses.

8.7 (b) By February 15, 2022, and annually until December 31, 2026, after which biennial  
 8.8 reporting will be permitted after the commissioner consults with the legislature, the  
 8.9 commissioner must report to the legislative committees in the house of representatives and  
 8.10 senate with jurisdiction over economic development about funding provided under this  
 8.11 program based on the information received under paragraph (a) and about the performance  
 8.12 of the loan guarantee trust fund.

8.13 Subd. 12. **Expiration.** This section expires December 31, 2036.

8.14 **EFFECTIVE DATE.** This section is effective retroactive to July 1, 2021."

8.15 Page 24, delete section 6

8.16 Page 25, before line 1, insert:

8.17 "(e) "Immigrant" means a lawful permanent resident who has been in the United States  
 8.18 for a maximum of seven years at the time of application."

8.19 Reletter the paragraphs in sequence

8.20 Page 25, line 24, delete "so that an approximately equal dollar amount of loans are made"

8.21 Page 25, line 25, after "subdivision 2" insert ", in a manner approximating each region's  
 8.22 proportion of the state population"

8.23 Page 27, line 7, after the period, insert "In fiscal year 2023, the commissioner may use  
 8.24 \$500,000 for administration."

8.25 Page 28, delete section 10 and insert:

8.26 "Sec. 10. [116J.9926] EMERGING DEVELOPER FUND PROGRAM.

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

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

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



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

9.3 (1) it will stimulate community stabilization or revitalization;

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

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

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

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

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

9.13 (e) "Emerging developer" means a developer who:

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

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

9.17 (3) is either a:

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

9.19 (ii) woman;

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

9.21 (iv) low-income person.

9.22 (f) "Low-income person" means a person who:

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

9.24 (2) has a family income that does not exceed 60 percent of the area median income as  
9.25 determined by the United States Department of Housing and Urban Development.

9.26 (g) "Partner organization" means a community development financial institution or a  
9.27 similarly qualified nonprofit corporation, as determined by the commissioner.

9.28 (h) "Program" means the emerging developer fund program created under this section.

10.1 Subd. 2. **Establishment.** The commissioner shall establish an emerging developer fund  
10.2 program to make grants to partner organizations to make loans to emerging developers for  
10.3 eligible projects to transform neighborhoods statewide and promote economic development  
10.4 and the creation and retention of jobs in Minnesota. The program must also reduce racial  
10.5 and socioeconomic disparities by growing the financial capacity of emerging developers.

10.6 Subd. 3. **Grants to partner organizations.** (a) The commissioner shall design a  
10.7 competitive process to award grants to partner organizations to make loans to emerging  
10.8 developers under subdivision 4.

10.9 (b) A partner organization may use up to ten percent of grant funds for the administrative  
10.10 costs of the program.

10.11 Subd. 4. **Loans to emerging developers.** (a) Through the program, partner organizations  
10.12 shall offer emerging developers predevelopment, construction, and bridge loans for eligible  
10.13 projects according to a plan submitted to and approved by the commissioner.

10.14 (b) Predevelopment loans must be for no more than \$50,000. All other types of loans  
10.15 must be for no more than \$500,000.

10.16 (c) Loans must be for a term set by the partner organization and approved by the  
10.17 commissioner of no less than six months and no more than five years, depending on the use  
10.18 of loan proceeds.

10.19 (d) Loans must be for zero interest or an interest rate of no more than the Wall Street  
10.20 Journal prime rate, as determined by the partner organization and approved by the  
10.21 commissioner based on the individual project risk and type of loan sought.

10.22 (e) Loans must have flexible collateral requirements compared to traditional loans, but  
10.23 may require a personal guaranty from the emerging developer and may be largely unsecured  
10.24 when the appraised value of the real estate is low.

10.25 (f) Loans must have no prepayment penalties and are expected to be repaid from  
10.26 permanent financing or a conventional loan, once that is secured.

10.27 (g) Loans must have the ability to bridge many types of receivables, such as tax credits,  
10.28 grants, developer fees, and other forms of long-term financing.

10.29 (h) At the partner organization's request and the commissioner's discretion, an emerging  
10.30 developer may be required to work with an experienced developer or professional services  
10.31 consultant who can offer expertise and advice throughout the development of the project.

11.1 (i) All loan repayments must be paid into the emerging developer fund account created  
11.2 in this section to fund additional loans.

11.3 Subd. 5. Eligible expenses. (a) The following are eligible expenses for a predevelopment  
11.4 loan under the program:

11.5 (1) earnest money or purchase deposit;

11.6 (2) building inspection fees and environmental reviews;

11.7 (3) appraisal and surveying;

11.8 (4) design and tax credit application fees;

11.9 (5) title and recording fees;

11.10 (6) site preparation, demolition, and stabilization;

11.11 (7) interim maintenance and project overhead;

11.12 (8) property taxes and insurance;

11.13 (9) construction bonds or letters of credit;

11.14 (10) market and feasibility studies; and

11.15 (11) professional fees.

11.16 (b) The following are eligible expenses for a construction or bridge loan under the  
11.17 program:

11.18 (1) land or building acquisition;

11.19 (2) construction-related expenses;

11.20 (3) developer and contractor fees;

11.21 (4) site preparation and demolition;

11.22 (5) financing fees, including title and recording;

11.23 (6) professional fees;

11.24 (7) carrying costs;

11.25 (8) construction period interest;

11.26 (9) project reserves; and

11.27 (10) leasehold improvements and equipment purchase.

12.1 Subd. 6. **Emerging developer fund account.** An emerging developer fund account is  
 12.2 created in the special revenue fund in the state treasury. Money in the account is appropriated  
 12.3 to the commissioner for grants to partner organizations to make loans under this section.

12.4 Subd. 7. **Reports to the legislature.** (a) By January 15 of each year, beginning in 2024,  
 12.5 each partner organization shall submit a report to the commissioner on the use of program  
 12.6 funds and program outcomes.

12.7 (b) By February 15 of each year, beginning in 2024, the commissioner shall submit a  
 12.8 report to the chairs of the house of representatives and senate committees with jurisdiction  
 12.9 over economic development the use of program funds and program outcomes."

12.10 Page 38, line 4, delete "one" and insert "three"

12.11 Page 38, line 7, delete "PANDEMIC RELIEF" and insert "SMALL BUSINESS  
 12.12 RECOVERY"

12.13 Page 38, lines 17 and 18, delete "pandemic relief" and insert "small business recovery"

12.14 Page 38, line 20, before the period, insert "and other economic challenges"

12.15 Page 38, line 30, delete "2022" and insert "2023"

12.16 Page 39, line 7, before "2022" insert "2021 or" and delete everything after "2022"

12.17 Page 39, line 8, delete everything before the semicolon

12.18 Page 39, line 27, delete "or"

12.19 Page 39, line 28, delete the period and insert a semicolon

12.20 Page 39, after line 28 insert:

12.21 "(6) catering services;

12.22 "(7) temporary lodging, such as hotels and motels; or

12.23 "(8) performance venues."

12.24 Page 40, line 13, delete "2022" and insert "2023"

12.25 Page 40, lines 14 and 18, delete "2023" and insert "2024"

12.26 Page 40, after line 21, insert:

12.27 "Sec. 17. **ENCUMBRANCE EXCEPTION.**

12.28 Notwithstanding Minnesota Statutes section 16B.98, subdivision 5, paragraph (a), clause  
 12.29 (2) or section 16C.05, subdivision 2, paragraph (a), clause (3), the commissioner of

13.1 employment and economic development may permit grant recipients of the Minnesota  
13.2 investment fund program under Minnesota Statutes, section 116J.8731, the job creation  
13.3 fund program under Minnesota Statutes, section 116J.8748, and the border-to-border  
13.4 broadband program under Minnesota Statutes, section 116J.395 to incur eligible expenses  
13.5 based on an agreed upon work plan and budget for up to 90 days prior to an encumbrance  
13.6 being established in the accounting system.

13.7 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
13.8 expires on June 30, 2025."

13.9 Adjust amounts accordingly

13.10 Renumber the sections in sequence and correct the internal references

13.11 Amend the title accordingly