.... moves to amend H.F. No. 3028 as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. **APPROPRIATIONS.**

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2024" and "2025" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025, respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The biennium" is fiscal years 2024 and 2025.

(b) If an appropriation in this article is enacted more than once in the 2023 regular or special legislative session, the appropriation must be given effect only once.

	APPROPRIATIONS Available for the Year Ending June 30 2024	 2025
Sec. 2. **DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**		
Subdivision 1. **Total Appropriation**	**$ 695,532,000**	**$ 125,230,000**

Appropriations by Fund	2024	2025
General	693,482,000	123,180,000

Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Business and Community Development**	693,290,000	122,988,000

Appropriations by Fund

General	691,240,000	120,938,000
Remediation	700,000	700,000
Workforce Development	1,350,000	1,350,000

(a) $1,787,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

(b) $6,425,000 each year is for the small business partnership program under Minnesota Statutes, section 116J.8746. In fiscal year 2026 and beyond, the base amount is $4,679,000.

(c) $1,772,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(d) $700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) $389,000 each year is for the Center for Rural Policy and Development. In fiscal year

2026 and beyond, the base amount is $139,000.

(f) $25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

(g) $875,000 each year is for the host community economic development program established in Minnesota Statutes, section 116J.548.

(h)(1) $1,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. This appropriation is available through June 30, 2025. Fifty percent of grant funds must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(2) Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contribution, unless the commissioner waives the requirement. Grant funds available under this subdivision must be used to implement projects to reduce the child care shortage in the state, including but not limited to funding for child care business start-ups or expansion, training, facility modifications, direct subsidies or incentives to retain employees, or improvements required for licensing and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have demonstrated a shortage of child care providers.

(3) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program, including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of cash and in-kind local funds invested. Within one month of all grant recipients reporting on program outcomes, the commissioner must report the grant recipients' outcomes to the chairs and ranking minority members of the legislative committees with jurisdiction over early learning, child care, and economic development.

(i) $1,000,000 each year is for a grant to the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. The Minnesota Initiative Foundations must use grant funds under this section to:

(1) facilitate planning processes for rural communities resulting in a community solution action plan that guides decision making to sustain and increase the supply of quality child care in the region to support economic development;

(2) engage the private sector to invest local resources to support the community solution action plan and ensure quality child care is a vital component of additional regional economic development planning processes;

(3) provide locally based training and technical assistance to rural child care business owners individually or through a learning cohort. Access to financial and business development

assistance must prepare child care businesses for quality engagement and improvement by stabilizing operations, leveraging funding from other sources, and fostering business acumen that allows child care businesses to plan for and afford the cost of providing quality child care; and

(4) recruit child care programs to participate in quality rating and improvement measurement programs. The Minnesota Initiative Foundations must work with local partners to provide low-cost training, professional development opportunities, and continuing education curricula. The Minnesota Initiative Foundations must fund, through local partners, an enhanced level of coaching to rural child care providers to obtain a quality rating through measurement programs.

(j) $8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended.

(k) $12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(l) $2,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761.

(m) $1,000,000 each year is for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until expended. Of this amount, up to four percent is for administration and monitoring of the program.

(n) $325,000 each year is for the Minnesota Film and TV Board. The appropriation each year is available only upon receipt by the board of $1 in matching contributions of money or in-kind contributions from nonstate sources for every $3 provided by this appropriation, except that each year up to $50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(o) $12,000 each year is for a grant to the Upper Minnesota Film Office.

(p) $500,000 each year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota

Statutes, section 116U.26. This appropriation is available until June 30, 2027.

(q) $4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until expended.

(r) $1,350,000 each year from the workforce development fund is for jobs training grants under Minnesota Statutes, section 116L.41.

(s) $2,500,000 each year is for Launch Minnesota. This appropriation is available until June 30, 2027. The base in fiscal year 2026 is $0. Of this amount:

(1) $1,500,000 each year is for innovation grants to eligible Minnesota entrepreneurs or start-up businesses to assist with their operating needs;

(2) $500,000 each year is for administration of Launch Minnesota; and

(3) $500,000 each year is for grantee activities at Launch Minnesota.

(t) $250,000 each year is for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.401.

(u) $500,000 each year is for the airport infrastructure renewal (AIR) grant program under Minnesota Statutes, section 116J.439. In awarding grants with this appropriation, the commissioner must prioritize eligible applicants that did not receive a grant pursuant to the appropriation in Laws 2019, First Special Session chapter 7, article 1, section 2, subdivision 2, paragraph (q).

(v) $350,000 each year is for administration of the community energy transition office.

(w) $500,000,000 in the first year is for the Minnesota forward fund under Minnesota Statutes, section 116J.8752. Money awarded under this program is made retroactive for applications and projects to February 1, 2023. This appropriation is available until spent. Of this amount:

(1) $100,000,000 is to match no less than $100,000,000 in federal funds provided by Public Law 117-328 to establish a campus for biomanufacturing pilot-scale testing and commercialization, including site acquisition and development;

(2) $100,000,000 is to match no less than $100,000,000 in federal funds provided by Public Law 117-328 for economic development projects that expand Minnesota's economy and job creation; and

(3) $300,000,000 is to match no less than $300,000,000 in federal funds provided by Public Law 117-167 for microelectronic manufacturing facilities and workforce development.

(x) $1,250,000 each year is to hire, train, and deploy small business navigators in communities and locations throughout the state to assist small businesses and entrepreneurs, especially historically underserved small businesses and entrepreneurs, in accessing state, federal, local, and private small business assistance programs. Of this amount, $500,000 must be used to improve the agency's digital navigation and information services for small businesses and entrepreneurs. In fiscal year 2026 and beyond, the base amount is $1,000,000.

(y) $500,000 each year is for the Office of Child Care Community Partnerships. Of this amount:

(1) $450,000 each year is for administration of the Office of Child Care Community Partnerships; and

(2) $50,000 each year is for the Labor Market Information Office to conduct research and analysis related to the child care industry.

(z) $5,000,000 in the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of funds, which may be used for activities, including but not limited to finalizing the community dossier and staffing the host organization as well as infrastructure design and planning, financial modeling, development planning and coordination of both real estate and public private partnerships, and reimbursement of the Bloomington Port Authority for costs incurred. The host organization and the Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions.

(aa) $500,000 each year is for grants to small business development centers under Minnesota Statutes, section 116J.68. Money made available under this paragraph may be used to match funds under the federal Small Business Development Center (SBDC) program under United States Code, title 15, section 648, to provide consulting and technical services or to build additional SBDC network capacity to serve entrepreneurs and small businesses.

(bb) $1,500,000 each year is for deposit in the community wealth-building account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the community wealth-building grant program under Minnesota Statutes, section 116J.9925.

(cc) $4,000,000 in the first year and $1,000,000 in the second year are for grants to the Neighborhood Development Center. This is a onetime appropriation. Of these amounts:

(1) $750,000 each year is for small business programs, including training, lending, business services, and real estate programming;

(2) $250,000 each year is for technical assistance activities for partners located outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2;

(3) $1,000,000 in the first year is for development of permanently affordable,

concentrated commercial space and wraparound business services outside the seven-county metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2; and

(4) $2,000,000 in the first year is for high-risk, character-based loan capital for nonrecourse loans to be used to leverage at least $10,000,000 in recourse lending capital.

(dd)(1) $5,000,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include pay-for-performance contracts with nonprofit organizations to provide outreach, training, and support services for dislocated and chronically underemployed people, as well as forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to ten percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

(2) By January 15, 2026, the Center for Economic Inclusion shall submit a report on the use of grant funds, including any loans made, to the legislative committees with jurisdiction over economic development.

(ee) $4,000,000 in the first year is for the Canadian border counties economic relief program. Of this amount, $1,000,000 is for Tribal economic development. This appropriation is available until June 30, 2025.

(ff) $10,000,000 in the first year is for the targeted community capital project grant program under Minnesota Statutes, section 116J.9924.

(gg) $20,000,000 in the first year is for deposit in the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for the administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926.

(hh) $2,000,000 in the first year is for a grant to African Economic Development Solutions. This appropriation is available until June 30, 2026. Of this amount:

(1) $1,800,000 is for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community; and

(2) $200,000 is for workforce development and technical assistance, including but not limited to business development, entrepreneur training, business technical assistance, loan packing, and community development services.

(ii) $500,000 each year is for grants to Enterprise Minnesota, Inc., to directly invest in Minnesota manufacturers for the small business growth acceleration program under Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(jj)(1) $1,500,000 each year is for grants to MNSBIR, Inc., to support moving scientific excellence and technological innovation from the lab to the market for start-ups and small businesses by securing federal research and development funding. The purpose of the grant is to build a strong Minnesota economy and stimulate the creation of novel products, services, and solutions in the private sector; strengthen the role of small business in meeting federal research and development needs; increase the commercial application of federally supported research results; and develop and increase the Minnesota workforce, especially by fostering and encouraging participation by small businesses owned by women and people who are Black, Indigenous, or people of color. This is a onetime appropriation.

(2) MNSBIR, Inc., shall use the grant money to be the dedicated resource for federal research and development for small businesses of up to 500 employees statewide to support research and commercialization of novel ideas, concepts, and projects into cutting-edge products and services for worldwide economic impact. MNSBIR, Inc., shall use grant money to:

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and Small Business Technology Transfer programs and other federal research and development funding opportunities;

(ii) support technology transfer and commercialization from the University of Minnesota, Mayo Clinic, and federal laboratories;

(iii) partner with large businesses;

(iv) conduct statewide outreach, education, and training on federal rules, regulations, and requirements;

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

(vii) support cost accounting and sole-source procurement opportunities.

(kk) $2,000,000 in the first year is for a grant to African Career, Education, and Resource, Inc., for operational infrastructure and technical assistance to small businesses. This appropriation is available until June 30, 2025.

(ll) $2,000,000 in the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

(1) $1,400,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;

(2) $182,000 is for loan loss reserves to support loan volume growth and attract additional capital; and

(3) $418,000 is for increasing organizational capacity.

(mm)(1) $375,000 each year is for grants to PFund Foundation to provide grants to LGBTQ+-owned small businesses and entrepreneurs. Of this amount, up to ten percent may be used for PFund Foundation's technical assistance and administrative costs. This appropriation is onetime and is available until June 30, 2026. To the extent practicable, money must be distributed by PFund Foundation as follows:

(i) at least 33.3 percent to racial minority-owned businesses; and

(ii) at least 33.3 percent to businesses outside of the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2.

(nn) $125,000 each year is for grants to Quorum to provide business support, training, development, technical assistance, and related activities for LGBTQ+-owned small businesses that are recipients of a PFund Foundation grant. Of this amount, up to ten percent may be used for Quorum's technical assistance and administrative costs. This appropriation is onetime and is available until June 30, 2026.

(oo) $6,000,000 in the first year is for grants to the Minnesota initiative foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of this amount:

(1) $1,000,000 is for a grant to the Southwest Initiative Foundation;

(2) $1,000,000 is for a grant to the West Central Initiative Foundation;

(3) $1,000,000 is for a grant to the Southern Minnesota Initiative Foundation;

(4) $1,000,000 is for a grant to the Northwest Minnesota Foundation;

(5) $1,000,000 is for a grant to the Initiative Foundation; and

(6) $1,000,000 is for a grant to the Northland Foundation.

(pp) $627,000 in the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs. Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of this amount, up to $270,000 may be used for economic development project implementation in conjunction with the technical assistance received.

(qq) $3,000,000 in the first year is for a grant to the Latino Economic Development Center. This appropriation is available until June 30, 2025. Of this amount:

(1) $1,500,000 is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) $1,500,000 is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(rr)(1) $125,000 each year is for grants to the Latino Chamber of Commerce Minnesota to support the growth and expansion of small businesses statewide. Funds may be used for the cost of programming, outreach, staffing, and supplies. This is a onetime appropriation.

(2) By January 15, 2026, the Latino Chamber of Commerce Minnesota must submit a report to the legislative committees with jurisdiction over economic development that details the use of grant funds and the grant's economic impact.

(ss)(1) $7,500,000 in the first year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services to minority-owned businesses. Of this amount:

(i) $5,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

(ii) $2,500,000 is for operating support activities related to business development and assistance services for minority business enterprises.

(2) By February 1, 2025, MEDA shall report to the commissioner and the legislative committees with jurisdiction over economic development on the use of grant funds and grant outcomes.

(tt) $175,000 in the first year is for a grant to the city of South St. Paul for repurposing the 1927 American Legion Memorial Library after the property is no longer used as a library. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(uu) $62,934,000 each year is for the empowering enterprise program. This is a onetime appropriation, of which:

(1) at least $31,000,000 each year is for a grant to the city of Minneapolis;

(2) $11,000,000 each year is for a grant to the city of St. Paul;

(3) $5,425,000 each year is for a grant to the Northside Economic Opportunity Network;

(4) $5,425,000 each year is for a grant to the Lake Street Council;

(5) $5,425,000 each year is for a grant to the Midway Chamber of Commerce; and

(6) $250,000 each year is for a grant to the Asian Economic Development Association.

Subd. 3. **Minnesota Trade Office**	$2,242,000	$2,242,000

(a) $300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) $180,000 each year is for the Invest Minnesota marketing initiative under Minnesota Statutes, section 116J.9781.

(c) $270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

Sec. 3. **EXPLORE MINNESOTA TOURISM**	**$ 26,307,000**	**$ 21,169,000**

(a) $500,000 each year must be matched from nonstate sources to develop maximum private sector involvement in tourism. Each $1 of state incentive must be matched with $6 of private sector money. "Matched" means revenue to the state or documented in-kind, soft match, or cash expenditures directly expended to support Explore Minnesota Tourism under section 116U.05. The incentive in fiscal year 2024 is based on fiscal year 2023 private sector contributions. The incentive in fiscal year 2025 is based on fiscal year 2024 private sector contributions. This incentive is ongoing.

(b) $5,900,000 each year is for the development of new initiatives for Explore Minnesota Tourism. This is a onetime appropriation and of this amount:

(1) $3,000,000 each year is for competitive grants for large-scale sporting and other major events;

(2) $1,100,000 each year is for grants to Minnesota's 11 Tribal Nations to promote and support new tourism opportunities for Tribal Nations;

(3) $1,000,000 each year is to expand diversity, equity, inclusion, and accessibility through tourism marketing;

(4) $625,000 each year is for the tourism and hospitality industry and the Governor's Opener events;

(5) $88,000 each year is to develop new resources and increase engagement for the tourism industry; and

(6) $87,000 each year is to develop a long-term sustainability plan for tourism.

(c)(1) $2,000,000 in the first year is for a tourism industry recovery grant program to provide grants to organizations, Tribal governments, underserved community groups, and communities to accelerate the recovery of the state's tourism industry, with preference for applicants who have not previously received grants. Grant money may be used to support meetings, conventions and group business, multicommunity and high-visibility events, and tourism marketing. Explore Minnesota Tourism must accept grant applications for at least five business days beginning at 8:00 a.m. on the first business day and, if total applications exceed $10,000,000, the grants must be awarded to eligible applicants at random until the funding is exhausted. Of this amount:

(i) at least 25 percent must go to groups in Hennepin and Ramsey counties;

(ii) at least 25 percent must go to groups in Anoka, Carver, Dakota, Scott, and Washington counties;

(iii) at least 25 percent must go to groups outside of the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2;

(iv) at least 25 percent must be distributed as small grants of no more than $10,000 each for tourism promotional activities; and

(v) up to three percent may be used for program administration, including promotional activities and reporting.

(2) Explore Minnesota Tourism must submit a preliminary report by November 1, 2023, and a final report by January 1, 2025, to the legislative committees with jurisdiction over tourism that detail the use of grant funds.

(d) Money for marketing grants is available either year of the biennium. Unexpended grant money from the first year is available in the second year.

ARTICLE 2
ECONOMIC DEVELOPMENT POLICY

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) any proposed legislative and policy initiatives; and

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

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

Sec. 2. **[116J.681] SMALL BUSINESS NAVIGATORS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 3. **[116J.8746] SMALL BUSINESS PARTNERSHIP PROGRAM.**

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

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

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

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

(2) is either:

(i) located in greater Minnesota;

(ii) in the field of high technology; or

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

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

(B) women;

(C) immigrants;

(D) veterans;

(E) people with disabilities; or

(F) low-income.

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

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

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

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

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

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

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

Subd. 5. **Reporting.** (a) Grant recipients shall report to the commissioner each year they receive grant funds. This report shall detail the use of grant funds and shall include data on the number of individuals served and other measures of program impact, along with any other information requested by the commissioner.

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

Sec. 4. Minnesota Statutes 2022, section 116J.8748, subdivision 3, is amended to read:

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

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

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided

by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(9) any other criteria the commissioner deems necessary.

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

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

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

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

Sec. 5. Minnesota Statutes 2022, section 116J.8748, subdivision 4, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 8. **[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 Minnesota Statutes, 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 Minnesota Statutes, 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 Minnesota Statutes, section 136A.28, subdivision 6.

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

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

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

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

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

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

(1) planned principal operations have not commenced; or

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

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

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

(n) "Veteran" has the meaning given in Minnesota Statutes, 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 executive director shall:

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

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

(b) Launch Minnesota may occupy and lease physical space in a private coworking facility that includes office space for staff and space for community engagement for training entrepreneurs. The physical space leased under this paragraph is exempt from the requirements in Minnesota Statutes, 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 Minnesota Statutes, section 290.068. Direct business expenses may include rent, equipment purchases, and supplier invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed under this paragraph. Technical assistance or services must be purchased to assist in the development or commercialization of a product or service to be eligible. Each business or entrepreneur may receive only one grant per biennium under this paragraph.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 9. **[116J.8752] MINNESOTA FORWARD FUND.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) performance requirements are met, if any;

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

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

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

Sec. 10. Minnesota Statutes 2022, section 116J.9924, subdivision 4, is amended to read:

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

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

Sec. 11. **[116J.9925] COMMUNITY WEALTH-BUILDING GRANT PROGRAM.**

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

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

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

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

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

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

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

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

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

(2) has the technical skills to analyze projects;

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

(4) can initiate and implement economic development projects;

(5) can establish a program and administer funds;

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

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

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

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

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

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

(b) Under the plan:

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 12. **[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 February 15 of each year, beginning in 2025, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over economic development on the use of program funds and program outcomes.

Sec. 13. **EMPOWERING ENTERPRISE PROGRAM.**

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

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

(c) "Eligible organization" means:

(1) a federally certified community development financial institution; or

(2) a city.

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

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

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

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

(i) determining eligibility for assistance;

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

(iii) evaluating applications for assistance;

(iv) awarding assistance; and

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

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

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

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

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

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

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

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

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

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

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

(3) the loan default rate;

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

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

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

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

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

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

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

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

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

Sec. 14. **CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

Subdivision 1. **Relief program established.** The Northland Foundation must develop and implement a Canadian border counties economic relief program to assist businesses adversely affected by the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020.

Subd. 2. **Available relief.** (a) The economic relief program established under this section may include grants provided in this section to the extent that funds are available. Before awarding a grant to the Northland Foundation for the relief program under this section:

(1) the Northland Foundation must develop criteria, procedures, and requirements for:

(i) determining eligibility for assistance;

(ii) evaluating applications for assistance;

(iii) awarding assistance; and

(iv) administering the grant program authorized under this section;

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

(3) the commissioner must approve the criteria, procedures, and requirements submitted under clause (2).

(b) The maximum grant to a business under this section is $50,000 per business.

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within a county that shares a border with Canada;

(2) document a reduction of at least ten percent in gross receipts in 2021 compared to 2019; and

(3) provide a written explanation for how the 2021 closure of the Boundary Waters Canoe Area Wilderness or the closures of the Canadian border since 2020 resulted in the reduction in gross receipts documented under clause (2).

Subd. 4. **Monitoring.** (a) The Northland Foundation must establish performance measures, including but not limited to the following components:

(1) the number of grants awarded and award amounts for each grant;

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

(3) the amount of business activity and changes in gross revenues of the grant recipient as a result of the assistance; and

(4) the new tax revenue generated as a result of the assistance.

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

(c) The Northland Foundation must comply with all requests made by the commissioner under this section.

Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance under this section must provide for job creation and retention goals, and wage and benefit goals.

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

EFFECTIVE DATE. This section is effective July 1, 2023, and expires June 30, 2024.

Sec. 15. **REPEALER.**

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

ARTICLE 3
CAPITOL AREA

Section 1. **CAPITOL AREA COMMUNITY VITALITY TASK FORCE; APPROPRIATION.**

Subdivision 1. **Task force established; membership.** (a) A Capitol Area Community Vitality Task Force is established. The task force consists of the following members:

(1) the executive secretary of the Capitol Area Architectural and Planning Board;

(2) one member of the Capitol Area Architectural and Planning Board, appointed by the board;

(3) two members of the house of representatives appointed by the speaker of the house, of whom one must be a member of the majority caucus of the house, and one must be a member of the minority caucus of the house;

(4) two members of the senate appointed by the majority leader of the senate, of whom one must be a member of the majority caucus of the senate, and one must be a member of the minority caucus of the senate;

(5) four members who are residents, businesspeople, or members of local organizations in the Capitol Area, appointed by the mayor of St. Paul; and

(6) one member of the public appointed by the governor.

(b) The task force must elect a chair and other officers from among its members. Appointments to the task force must be made no later than July 15, 2023. The executive secretary of the Capitol Area Architectural and Planning Board must convene the first meeting of the task force no later than August 15, 2023.

(c) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. **Terms; compensation.** The terms and compensation of members of the task force are governed by Minnesota Statutes, section 15.059, subdivision 6.

Subd. 3. **Administrative support.** The Capitol Area Architectural and Planning Board must provide administrative support to assist the task force in its work.

Subd. 4. **Duties; report.** The task force must consider and develop recommendations for the administration, program plan, and oversight of the Capitol Area community vitality account established by this act. The task force must submit its recommendations to the Capitol Area Architectural and Planning Board for approval. A report including the approved recommendations must be submitted by the Capitol Area Architectural and Planning Board to the chairs and ranking minority members of the committees of the legislature with jurisdiction over the board no later than February 1, 2024.

Subd. 5. **Expiration.** Notwithstanding Minnesota Statutes, section 15.059, subdivision 6, the task force expires upon submission of the report required by subdivision 4.

Subd. 6. **Appropriation.** $150,000 in fiscal year 2024 is appropriated from the general fund to the Capitol Area Architectural and Planning Board to support the work of the task force, including but not limited to payment of fees and other expenses necessary to retain appropriate professional consultants, conduct public meetings, and facilitate other activities as requested by the task force.

Sec. 2. **CAPITOL AREA COMMUNITY VITALITY ACCOUNT.**

Subdivision 1. **Account established; appropriation.** (a) A Capitol Area community vitality account is established in the special revenue fund. Money in the account is appropriated to the commissioner of administration to improve the livability, economic health, and safety of communities within the Capitol Area, provided that no funds may be expended until a detailed program and oversight plan to govern their use, in accordance with the spending recommendations of the Capitol Area Community Vitality Task Force as approved by the Capitol Area Architectural and Planning Board, has been further approved by law.

(b) As used in this section, "Capitol Area" includes that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

Subd. 2. **Appropriation.** $5,000,000 in fiscal year 2024 is transferred from the general fund to the Capitol Area community vitality account.

Sec. 3. **APPROPRIATION; CAPITOL AREA TRANSPORTATION CORRIDORS.**

(a) $5,000,000 in fiscal year 2024 is appropriated from the general fund to the commissioner of administration for one or more grants to the city of St. Paul, Ramsey County, or both, for road projects that improve the livability, economic health, and safety of communities within the Capitol Area. Funded projects must be consistent with the recommendations of the Capitol Area Community Vitality Task Force, as approved by the Capitol Area Architectural and Planning Board. This is a onetime appropriation and is available until June 30, 2027.

(b) Funds under this section are available:

(1) for planning, predesign, design, engineering, environmental analysis and mitigation, land acquisition, and reconstruction of streets and highways; and

(2) only upon approval of the expenditure by the Capitol Area Architectural and Planning Board.

(c) For purposes of this section, "Capitol Area" means that part of the city of St. Paul within the boundaries described in Minnesota Statutes, section 15B.02.

ARTICLE 4

PUBLIC FACILITY AUTHORITY POLICY

Section 1. Minnesota Statutes 2022, section 446A.07, subdivision 1a, is amended to read:

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

(b) "Affordability criteria," pursuant to section 603(i)(2) of the federal Clean Water Act, means a project service area that includes, in whole or in part, a census tract where at least one of the following applies:

(1) the project service area is identified by the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency at the 70th percentile or higher for environmental justice indexes or supplemental demographic indexes;

(2) the project service area is identified as disadvantaged by the Climate and Economic Screening Tool developed by the White House Council on Environmental Quality; or

(3) the project service area meets the definition of an underserved community under section 1459A of the federal Safe Drinking Water Act.

~~(b)~~ (c) "Eligible recipients" means governmental units or other entities eligible to receive loans or other assistance as provided in title VI of the Federal Water Pollution Control Act.

(d) "Environmental justice index" means an index in the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency that combines demographic factors with one of the following environmental factors:

(1) particulate matter;

(2) ozone;

(3) diesel particulate matter;

(4) air toxics cancer risk;

(5) air toxics respiratory hazards;

(6) traffic proximity;

(7) lead paint;

(8) risk management plan facility proximity;

(9) hazardous waste proximity;

(10) superfund proximity;

(11) underground storage tanks; and

(12) wastewater discharge.

~~(c)~~ (e) "Federal Water Pollution Control Act" means the Federal Water Pollution Control Act, as amended, United States Code, title 33, sections 1251 et seq.

(f) "Supplemental demographic index" means an index in the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency that is based on socioeconomic indicators, including low-income, unemployment, less than high school education, limited English speaking, and low life expectancy.

Sec. 2. Minnesota Statutes 2022, section 446A.07, subdivision 7, is amended to read:

Subd. 7. **Loan conditions.** (a) When making loans from the clean water revolving fund, the authority shall comply with the conditions of the Federal Water Pollution Control Act, including the criteria in this subdivision.

(b) Loans must be made at or below market interest rates, including interest-free loans, for terms not to exceed those allowed under the Federal Water Pollution Control Act.

(c) The annual principal and interest payments must begin no later than one year after completion of the project. Loans must be fully amortized no later than 20 years after project completion, unless the recipient's ~~average annual residential wastewater system cost after completion of the project would exceed 1.4 percent of median household income in the recipient governmental unit or entity~~ project meets affordability criteria, in which case the loan must be fully amortized no later than 30 years after project completion.

(d) An eligible recipient shall establish a dedicated source of revenue for repayment of the loan.

(e) The fund must be credited with all payments of principal and interest on all loans.

(f) A loan may not be used to pay operating expenses or current obligations, unless specifically allowed by the Federal Water Pollution Control Act.

(g) A loan made by the authority must be secured by notes or bonds of the eligible recipient of the loan.

Sec. 3. Minnesota Statutes 2022, section 446A.07, subdivision 8, is amended to read:

Subd. 8. **Other uses of revolving fund.** (a) The clean water revolving fund may be used as provided in title VI of the Federal Water Pollution Control Act, including the following uses:

(1) to buy or refinance the debt obligation of governmental units for treatment works where debt was incurred and construction begun after March 7, 1985, at or below market rates;

(2) to guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loan guarantees, loans, or set-aside for similar revolving funds established by a governmental unit other than state agencies, or state agencies under sections 17.117, 103F.725, subdivision 1a, and 116J.617;

(5) to earn interest on fund accounts;

(6) to pay the reasonable costs incurred by the authority and the Pollution Control Agency of administering the fund and conducting activities required under the Federal Water Pollution Control Act, including water quality management planning under section 205(j) of the act and water quality standards continuing planning under section 303(e) of the act;

(7) to provide principal forgiveness or grants to the extent permitted under the Federal Water Pollution Control Act and other federal law~~, based on the criteria and requirements established for the wastewater infrastructure funding program under section 446A.072~~ to projects that meet affordability criteria; and

(8) to provide loans, principal forgiveness, or grants to the extent permitted under the Federal Water Pollution Control Act and other federal law to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

(b) Amounts spent under paragraph (a), clause (6), may not exceed the amount allowed under the Federal Water Pollution Control Act.

(c) Principal forgiveness or grants provided under paragraph (a), clause (8), may not exceed 25 percent of the eligible project costs as determined by the Pollution Control Agency for project components directly related to green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, up to a maximum of $1,000,000.

Sec. 4. Minnesota Statutes 2022, section 446A.076, is amended to read:

446A.076 ESTIMATED FUNDING NEEDS.

By February 1 each year, the Public Facilities Authority must submit to the legislative committees with jurisdiction over capital investment and environment and natural resources finance an estimate of the amount necessary to fund grants under sections 446A.072 and 446A.073. The report shall show for each community included in the estimate:

(1) the average annual residential wastewater treatment rates for the community if the community does not receive any grant funding under sections 446A.072 and 446A.073;

(2) the average annual residential wastewater treatment rates for the community if the community receives the maximum amount that the community is qualified for under sections 446A.072 and 446A.073; and

(3) a comparison of the rates in clause (2) with ~~three times the annual Twin Cities metropolitan area weighted average~~ the retail charge per household by each metropolitan area local government unit as determined in the most recent Survey of Municipal Residential Wastewater Rates prepared by Metropolitan Council Environmental Services.

Sec. 5. Minnesota Statutes 2022, section 446A.081, subdivision 1, is amended to read:

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

(b) "Disadvantaged community," pursuant to section 1452(d) of the federal Safe Drinking Water Act, means a project service area that includes, in whole or in part, a census tract where at least one of the following applies:

(1) the project service area is identified by the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency at the 70th percentile or higher for environmental justice indexes or supplemental demographic indexes;

(2) the project service area is identified as disadvantaged by the Climate and Economic Screening Tool developed by the White House Council on Environmental Quality; or

(3) the project service area meets the definition of an underserved community under section 1459A of the federal Safe Drinking Water Act.

~~(b)~~ (c) "Eligible recipient" means governmental units or other entities eligible to receive loans or other assistance as provided in the federal Safe Drinking Water Act.

(d) "Environmental justice index" means an index in the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency that combines demographic factors with one of the following environmental factors:

(1) particulate matter;

(2) ozone;

(3) diesel particulate matter;

(4) air toxics cancer risk;

(5) air toxics respiratory hazards;

(6) traffic proximity;

(7) lead paint;

(8) risk management plan facility proximity;

(9) hazardous waste proximity;

(10) superfund proximity;

(11) underground storage tanks; or

(12) wastewater discharge.

~~(c)~~ (e) "Federal Safe Drinking Water Act" means the federal Safe Drinking Water Act, as amended, United States Code, title 42, sections 300f et seq.

(f) "Supplemental demographic index" means an index in the Environmental Justice Screening and Mapping Tool developed by the United States Environmental Protection Agency that is based on socioeconomic indicators, including low-income, unemployment, less than high school education, limited English speaking, and low life expectancy.

Sec. 6. Minnesota Statutes 2022, section 446A.081, subdivision 8, is amended to read:

Subd. 8. **Loan conditions.** (a) When making loans from the drinking water revolving fund, the authority shall comply with the conditions of the federal Safe Drinking Water Act, including the criteria in this subdivision.

(b) Loans must be made at or below market interest rates, including zero interest loans, for terms not to exceed those allowed under the federal Safe Drinking Water Act.

(c) The annual principal and interest payments must begin no later than one year after completion of the project. Loans must be amortized no later than 20 years after project completion, unless the ~~recipient's average annual residential drinking water system cost~~

~~after completion of the project would exceed 1.2 percent of median household income in the recipient governmental unit or entity~~ project is identified as being located in a disadvantaged community, in which case the loan must be fully amortized no later than 30 years after project completion.

(d) A loan recipient must identify and establish a dedicated source of revenue for repayment of the loan, and provide for a source of revenue to properly operate, maintain, and repair the water system.

(e) The fund must be credited with all payments of principal and interest on all loans, except the costs as permitted under section 446A.04, subdivision 5, paragraph (a).

(f) A loan may not be used to pay operating expenses or current obligations, unless specifically allowed by the federal Safe Drinking Water Act.

(g) A loan made by the authority must be secured by notes or bonds of the governmental unit and collateral to be determined by the authority for private borrowers.

Sec. 7. Minnesota Statutes 2022, section 446A.081, subdivision 9, is amended to read:

Subd. 9. **Other uses of fund.** (a) The drinking water revolving loan fund may be used as provided in the act, including the following uses:

(1) to buy or refinance the debt obligations, at or below market rates, of public water systems for drinking water systems, where the debt was incurred after the date of enactment of the act, for the purposes of construction of the necessary improvements to comply with the national primary drinking water regulations under the federal Safe Drinking Water Act;

(2) to purchase or guarantee insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loans or loan guarantees for similar revolving funds established by a governmental unit or state agency;

(5) to earn interest on fund accounts;

(6) to pay the reasonable costs incurred by the authority, the Department of Employment and Economic Development, and the Department of Health for conducting activities as authorized and required under the act up to the limits authorized under the act;

(7) to develop and administer programs for water system supervision, source water protection, and related programs required under the act;

(8) to provide principal forgiveness or grants to the extent permitted under the federal Safe Drinking Water Act and other federal law~~, based on the criteria and requirements established for drinking water projects under the water infrastructure funding program under section 446A.072~~ to disadvantaged communities;

(9) to provide loans, principal forgiveness or grants to the extent permitted under the federal Safe Drinking Water Act and other federal law to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities;

(10) to provide principal forgiveness, or grants for 80 percent of project costs up to a maximum of $100,000 for projects needed to comply with national primary drinking water standards for an existing nonmunicipal community public water system; and

(11) to provide principal forgiveness or grants to the extent permitted under the federal Safe Drinking Water Act and other federal laws for 50 percent of the project costs up to a maximum of $250,000 for projects to replace the privately owned portion of drinking water lead service lines.

(b) Principal forgiveness or grants provided under paragraph (a), clause (9), may not exceed 25 percent of the eligible project costs as determined by the Department of Health for project components directly related to green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities, up to a maximum of $1,000,000.

Sec. 8. Minnesota Statutes 2022, section 446A.081, subdivision 12, is amended to read:

Subd. 12. **Rules of the department.** (a) The Department of Health shall adopt rules relating to the procedures for administration of the Department of Health's duties under the act and this section.

(b) Rules that establish criteria for ranking new or upgraded water supply system projects in order of priority must assign priority points for projects located in disadvantaged communities.

Sec. 9. **INTERIM PROJECT PRIORITY LIST RECOMMENDATIONS; POLLUTION CONTROL AGENCY.**

Until rules factoring in affordability criteria are adopted under Minnesota Statutes, section 116.182, subdivision 5, the commissioner of the Pollution Control Agency must review each project priority list developed and provide recommendations to the Public Facilities Authority that prioritize the projects based on affordability criteria. The Public Facilities Authority must use the recommendations when developing the intended use plan developed under Minnesota Statutes, section 446A.07.

Sec. 10. **INTERIM PROJECT PRIORITY LIST RECOMMENDATIONS; COMMISSIONER OF HEALTH.**

Until rules factoring in disadvantaged communities are adopted under Minnesota Statutes, section 446A.081, subdivision 12, the commissioner of health must review each project priority list developed and provide recommendations to the Public Facilities Authority that prioritize the projects based on being located in a disadvantaged community. The Public Facilities Authority must use the recommendations when developing the intended use plan developed under Minnesota Statutes, section 446A.081, subdivision 5."

Delete the title and insert:

"A bill for an act

relating to state government; establishing a biennial budget for the Department of Employment and Economic Development and Explore Minnesota; appropriating money for Capitol area improvements; modifying various policy provisions; modifying Public Facilities Authority provisions; requiring reports; appropriating money; amending Minnesota Statutes 2022, sections 116J.8748, subdivisions 3, 4, 6, by adding a subdivision; 116J.9924, subdivision 4; 446A.07, subdivisions 1a, 7, 8; 446A.076; 446A.081, subdivisions 1, 8, 9, 12; proposing coding for new law in Minnesota Statutes, chapter 116J; repealing Minnesota Statutes 2022, section 116J.9924, subdivision 6; Laws 2019, First Special Session chapter 7, article 2, section 8, as amended."