

**Subject** Metropolitan Redevelopment Area Corporation

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## Overview

This bill creates the Metropolitan Area Redevelopment Corporation as a political subdivision of the state to develop short and long term redevelopment plans and to make grants to aid in the redevelopment of areas damaged by the civil unrest following the death of George Floyd. It diverts a portion of the proceeds generated from existing county transportation sales and use taxes imposed by metropolitan counties for ten years, estimated to raise approximately \$60 million per year, to fund the Metropolitan Area Redevelopment Corporation's grants to nonprofit organizations led by people of color and indigenous people that are engaged in rebuilding the areas damaged by the civil unrest.

## Summary

Section	Description
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<b>1</b>	<b>County transportation sales and use tax.</b>
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Requires the commissioner of revenue, beginning January 1, 2021, to retain a portion of the proceeds generated by county transportation sales and use taxes imposed at a 0.125 percent rate within metropolitan counties, for deposit in the account created by section 6. This requirement sunsets as of January 1, 2031.

Allows each metropolitan county, by resolution of the county board, to increase its current tax rate an extra 0.125 percent above the maximum established by current law to make up for the loss of revenue going to fund transit projects.

Currently, all seven metropolitan counties impose a county transportation sales and use tax at rates of either one-half of one percent or one-quarter of one percent.

Effective the day following final enactment.

Section	Description
2	<p><b>Allocation; termination.</b></p> <p>Appropriates the proceeds from the portion of the tax described in section 1 to the commissioner of revenue for deposit in the account created by section 6.</p> <p>Effective the day following final enactment.</p>
3	<p><b>Definitions.</b></p> <p>Defines terms for the purposes of the new Metropolitan Area Redevelopment Corporation statute.</p> <p>“City” has a two-part definition. Until December 31, 2025, it means Minneapolis, St. Paul, and surrounding communities affected by civil unrest and included in the Executive Order No. 20-64. After 2025, it means any city in the seven metropolitan counties.</p>
4	<p><b>Metropolitan Area Redevelopment Corporation.</b></p> <p><b>Subd. 1. Created; purpose.</b> Creates the Metropolitan Area Redevelopment Corporation as a public corporation and political subdivision of the state with jurisdiction in the seven metropolitan counties to identify and address the adverse impacts of racial discrimination and poverty, and foster equitable economic development.</p> <p><b>Subd. 2. Membership; qualifications; appointment.</b> Provides for a nine member board appointed by the Executive Council. (Minn. Stat. § 9.011, subd. 1, “The Executive Council consists of the governor, lieutenant governor, secretary of state, state auditor, and attorney general. The governor is chair.”) Specifies qualifications for appointment.</p> <p><b>Subd. 3. Chair; other officers.</b> Provides for the nine members to select from among themselves a person to serve as chair each year.</p> <p><b>Subd. 4. Terms.</b> Provides for four-year, staggered terms.</p> <p><b>Subd. 5. Vacancies.</b> Provides for when there is a vacancy and that it is filled by the appointing authority for the balance of the term in the same manner as a regular appointment. (Based on the Destination Medical Center statute, Minn. Stat. § 469.41.)</p> <p><b>Subd. 6. Removal.</b> Specifies how a member may be removed. (Based on the Destination Medical Center statute, Minn. Stat. § 469.41.)</p>

Section Description

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**Subd. 7. Compensation.** Provides for board members to be paid \$10,000 per year plus expenses.

**Subd. 8. Audits.** Directs the state auditor to audit the finances of the corporation.

Effective the day after enactment.

5 **Powers; duties.**

**Subd. 1. General authority.** Gives the corporation all powers necessary or convenient to accomplish its purposes and fulfill its duties.

**Subd. 2. Bylaws.** Requires the corporation to adopt bylaws.

**Subd. 3. Meetings; data practices; records.** Requires meetings at least once a month. Provides that the open meeting law, government data practices act, and records retention law apply to the corporation.

**Subd. 4. Executive director; staff; facilities.** Requires the executive director of the Public Facilities Authority (or the executive director's designee) to serve as executive director of the corporation. Requires the mayors of the cities to appoint liaisons to the corporation. Requires the Metropolitan Council and any state agency upon request to assist the corporation.

**Subd. 5. Redevelopment plans.** Directs the corporation to develop short and long term plans for redevelopment of the cities. The plans must provide for grant amounts, purposes for grants, and other actions.

**Subd. 6. Grants.** Directs the board to develop criteria for awarding grants and requires board approval of all grants awarded.

Provides that only nonprofit organizations are eligible for grants and requires the nonprofit to be led and administered by African-Americans, Asian-Americans, Latino-Americans, or American-Indians.

Sets aside 40 percent of funds for nonprofit organizations with budgets of less than \$500,000.

Lists general purposes for eligible projects, such as conducting community engagement processes, and improving a grantee's organizational infrastructure.

**Subd. 7. Report.** Requires an annual report to the legislature.

Effective the day after enactment.

**Section** **Description**

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**6**      **Financing; bonding.**

**Subd. 1. Account.** Establishes a metropolitan area redevelopment account within the special revenue fund. Appropriates funds from revenue generated by the county transportation sales and use tax as described in section 1 to the Metropolitan Area Redevelopment Corporation to be used for compensation, expenses, and grants.

**Subd. 2. Bonds.** Allows a city, county, or the Metropolitan Council to issue bonds without an election and outside debt limits to provide money for grants approved by the corporation. The bonds may be general obligation sales tax revenue bonds or any other debt obligation available to the issuing entity. Requires debt to be defeased or retired before December 31, 2030.

Effective the day after enactment.

**7**      **Expiration.**

The chapter authorizing the corporation expires December 31, 2031.



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