

Subject County business assistance

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Summary

Section	Description
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1	Income tax subtraction; COVID business assistance programs.
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Subd. 1. Definitions. Defines “subtraction” and “qualifying business assistance.” Applies the definitions in chapter 290 (income taxes) to the section.

Subd. 2. Business assistance subtraction; individuals, estates, and trusts. Allows a subtraction for qualifying business assistance for individuals, estates, and trusts.

Subd. 3. Business assistance subtraction; C corporations. Allows a subtraction for qualifying business assistance for C corporations.

Subd. 4. Programs eligible for a subtraction. Lists the state and local business assistance programs that would be eligible for the subtraction. This includes aid under section 2 of the bill, a number of DEED business assistance programs, and assistance to businesses provided by counties and local governments using funds received under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA).

2	County pandemic business and community relief aid; appropriation.
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Subd. 1. Appropriation. Appropriates \$75 million in fiscal year 2023 for payments to counties under this section. Of this amount, \$50 million must be used by the counties to provide economic assistance and aid to businesses, and \$25 million must be used by the counties to provide rental assistance.

Subd. 2. Economic assistance and aid to local businesses. Distributes to each county on a per capita basis the \$50 million appropriation for economic assistance and aid to business. Counties must use these funds for the purposes outlined in subdivisions 3, 4, and 5. Payments to businesses must be awarded by March 15, 2023. Counties may use the greater of \$6,250 or 2.5 percent of the total amount received under this subdivision for administrative costs.

Section Description

Subd. 3. Economic assistance to underserved communities. Permits counties to use funds appropriated under subdivision 2 to provide economic assistance to areas designated as “underserved communities.” Economic assistance is described as including grants, loans, or other financial assistance to businesses that pay their employees a living wage, for maintenance or repair of commercial properties, for down payment assistance for businesses purchasing commercial property, or payments to commercial property owners to reduce rents.

To provide assistance under this subdivision, a county must designate certain census tracts as “underserved communities.” When making this designation, a county must consider the unemployment rate, the poverty rate, the median income relative to the county median income, and the number of vacant commercial properties. A county is only permitted to designate census tracts representing five percent or less of the county’s population.

Subd. 4. Aid to businesses without income in 2019. Allows counties to use funds received under subdivision 2 to provide economic assistance to businesses that were in operation in 2020 or 2021, but were ineligible to participate in a state or federal business assistance program due to lack of operations or revenue in 2019. Economic assistance could include grants, loans, or any other financial assistance deemed appropriate by the county.

Subd. 5. Aid to venues. Permits counties to use aid under subdivision 2 to provide grants to live entertainment businesses or nonprofits that experienced a decrease in revenue due to COVID-19.

To receive aid, a business or nonprofit must:

- Have derived 33 percent of its 2019 revenue from ticket sales, or be directly reliant on ticketed live entertainment events that are free to the general public.
- Employ 60 or fewer full-time equivalent employees.
- Have been restricted from operating above 25 percent capacity or 250 attendees under a COVID-19 related executive order.
- Not have tax delinquency with the Department of Revenue.
- Have a principal place of business in Minnesota.

Bars, restaurants, multinational businesses, publicly owned companies, and adult entertainment operations are not allowed to receive grants under the subdivision.

Permits a county to authorize a grant to a business if the business planned to open in 2020, but was unable to begin operations due to COVID-19.

Section **Description**

Subd. 6. Rental assistance payments. Allocates rental aid monies to counties based on each county's share of households paying more than 30 percent of their income towards rent. Allows the money to be spent on rent, utilities, and other housing payments for households making less than 50 percent of area median income. Allows counties both to spend up to ten percent of aid on administrative expenses and to partner with nonprofits and community action agencies to distribute aid.

Subd. 7. Grants. Exempts grants under this section from certain grant making requirements, with those exemptions expiring March 15, 2023.

Subd. 8. Report. Requires the commissioner of revenue to report to the legislative committees with jurisdiction over taxes on the grants provided under this section. This subdivision also requires counties to report to the commissioner of revenue how the funds received under this section were used.



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