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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2821

03/09/2023 Authored by Sencer-Mura; Lee, F.; Hollins; Vang; Lee, K., and others
The bill was read for the first time and referred to the Committee on State and Local Government Finance and Policy

1.1 A bill for an act
1.2 relating to economic development; equity; establishing a process for requesting a
1.3 racial equity impact note for legislation; appropriating money; proposing coding
1.4 for new law in Minnesota Statutes, chapter 3.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. 3.99 RACIAL EQUITY IMPACT NOTES.

1.7 Subdivision 1. Preparation. The commissioner of employment and economic
1.8 development, or the commissioner's designee, shall prepare a racial equity impact note
1.9 consistent with the standards and procedures adopted under this section at the request of
1.10 the chair and ranking minority members of the standing committee to which a bill has been
1.11 referred, the chair and ranking minority members of the house of representatives ways and
1.12 means committee, or the chair and ranking minority members of the senate finance
1.13 committee. The Legislative Budget Office shall coordinate the completion of the racial
1.14 equity impact note.

1.15 Subd. 2. Purpose. The purpose of a racial equity impact note is to provide an
1.16 objective-based assessment to inform legislators and the public of potential racial economic
1.17 disparities that may be exacerbated or created by proposed legislation.

1.18 Subd. 3. Contents. (a) A racial equity impact note must:

1.19 (1) describe whether and how legislation would have an inequitable racial impact;

1.20 (2) describe the method and metrics used to determine the racial impact information
1.21 required in clause (1), measured by:

1.22 (i) employment data;

- 2.1 (ii) potential income or expenses outcomes;
- 2.2 (iii) wealth and wealth creation opportunities; and
- 2.3 (iv) other related economic outcomes;
- 2.4 (3) include the assumptions used in determining the racial equity impact of legislation;
- 2.5 (4) specify any long-range implication; and
- 2.6 (5) other items as determined by the Legislative Budget Office.
- 2.7 (b) In preparing a racial equity impact note, the Legislative Budget Office may consult
- 2.8 other sources for information, including but not limited to:
- 2.9 (1) Department of Employment and Economic Development data center;
- 2.10 (2) Minnesota Compass data;
- 2.11 (3) United States Census Bureau data tools;
- 2.12 (4) IPUMS online data analysis system;
- 2.13 (5) John Hopkins Coronavirus Resource Center map of racial data transparency;
- 2.14 (6) National Equity Atlas economic indicators of racial and social equity; and
- 2.15 (7) Kaiser Family Foundation health disparity summary statistics.
- 2.16 (c) To the extent practicable, a racial equity impact note shall be completed within 20
- 2.17 days from the date of initial request.
- 2.18 **Subd. 4. Data and analytical tools; socioeconomic impact frameworks. (a)**
- 2.19 **Socioeconomic impact frameworks utilized by federal entities may be used in preparing a**
- 2.20 **racial equity impact note.**
- 2.21 **(b) Socioeconomic impact frameworks used shall address:**
- 2.22 **(1) existing baseline and economic conditions of the affected groups;**
- 2.23 **(2) current economic conditions of the population affected by the proposed legislation,**
- 2.24 **including demographic and economic indicators, to describe the status of minority groups;**
- 2.25 **(3) expected change in the economic conditions of the affected groups if the proposed**
- 2.26 **legislation is enacted;**
- 2.27 **(4) an estimate of the economic impact of the proposed legislation in economic terms**
- 2.28 **for income and employment by specific communities impacted; and**
- 2.29 **(5) a summary of the overall economic impact showing:**

3.1 (i) the difference in economic conditions for groups if the legislation is enacted as
 3.2 compared to baseline conditions;

3.3 (ii) whether impacts can be positive or negative; and

3.4 (iii) whether impacts shall be further characterized by their duration, whether temporary,
 3.5 short term, long term, or permanent; breadth, including the number of people of color who
 3.6 would be affected; and magnitude, whether negligible, minor, or major impact on those
 3.7 affected.

3.8 **Subd. 5. Racial equity impact note structure; detail and documentation.** (a) A racial
 3.9 equity impact note shall include detailed results with supporting information about analytical
 3.10 methods and data sources.

3.11 (b) Notes shall be organized by the following separate elements:

3.12 (1) a bill description containing a summary, issues addressed, and any targeted
 3.13 populations of the proposed bill;

3.14 (2) a description of the current economic conditions of the affected population;

3.15 (3) an impact assessment containing methodology, baseline conditions for potentially
 3.16 affected groups, economic conditions for the potentially affected groups if the proposed
 3.17 legislation is enacted, and a summary impact assessment;

3.18 (4) a listing of analytical methods, data sources, and agencies contacted in preparing the
 3.19 note;

3.20 (5) any data limitations; and

3.21 (6) appendices.

3.22 **Subd. 6. Distribution.** A copy of the racial equity impact note shall be delivered by the
 3.23 Legislative Budget Office to the chair and ranking minority members of the house of
 3.24 representatives ways and means committee, the chair and ranking minority members of the
 3.25 senate finance committee, the chair and ranking minority members of the standing committee
 3.26 to which the bill has been referred, the chief author of the bill, and the commissioner of
 3.27 management and budget.

3.28 **Sec. 2. APPROPRIATION.**

3.29 \$..... in fiscal year 2024 is appropriated from the general fund to the Legislative
 3.30 Coordinating Commission for the Legislative Budget Office to conduct the work of preparing
 3.31 racial equity impact notes as prescribed in Minnesota Statutes, section 3.99.