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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3028

- 03/20/2023 Authored by Hassan and Xiong
- 03/22/2023 The bill was read for the first time and referred to the Committee on Rules and Legislative Administration
- 04/12/2023 Adoption of Report: Re-referred to the Committee on Economic Development Finance and Policy
- Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.1 A bill for an act

1.2 relating to state government; establishing a biennial budget for the Department of

1.3 Employment and Economic Development and Explore Minnesota; appropriating

1.4 money for Capitol area improvements; modifying various policy provisions;

1.5 requiring reports; appropriating money; amending Minnesota Statutes 2022, sections

1.6 116J.871, subdivisions 1, 2; 116J.8748, subdivisions 3, 4, 6, by adding a

1.7 subdivision; 116J.9924, subdivision 4; proposing coding for new law in Minnesota

1.8 Statutes, chapter 116J; repealing Minnesota Statutes 2022, section 116J.9924,

1.9 subdivision 6; Laws 2019, First Special Session chapter 7, article 2, section 8, as

1.10 amended.

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

1.12 **ARTICLE 1**

1.13 **APPROPRIATIONS**

1.14 Section 1. **APPROPRIATIONS.**

1.15 (a) The sums shown in the columns marked "Appropriations" are appropriated to the

1.16 agencies and for the purposes specified in this article. The appropriations are from the

1.17 general fund, or another named fund, and are available for the fiscal years indicated for

1.18 each purpose. The figures "2024" and "2025" used in this article mean that the appropriations

1.19 listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025,

1.20 respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The

1.21 biennium" is fiscal years 2024 and 2025.

1.22 (b) If an appropriation in this article is enacted more than once in the 2023 regular or

1.23 special legislative session, the appropriation must be given effect only once.

1.24 **APPROPRIATIONS**

1.25 **Available for the Year**

2.1			<u>Ending June 30</u>
2.2			<u>2024</u> <u>2025</u>

2.3 **Sec. 2. DEPARTMENT OF EMPLOYMENT**
 2.4 **AND ECONOMIC DEVELOPMENT**

2.5 **Subdivision 1. Total Appropriation** \$ **695,532,000** \$ **125,230,000**

2.6	<u>Appropriations by Fund</u>		
2.7		<u>2024</u>	<u>2025</u>
2.8	<u>General</u>	<u>693,482,000</u>	<u>123,180,000</u>
2.9	<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
2.10	<u>Workforce</u>		
2.11	<u>Development</u>	<u>1,350,000</u>	<u>1,350,000</u>

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

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

2.16	<u>Appropriations by Fund</u>		
2.17	<u>General</u>	<u>691,240,000</u>	<u>120,938,000</u>
2.18	<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
2.19	<u>Workforce</u>		
2.20	<u>Development</u>	<u>1,350,000</u>	<u>1,350,000</u>

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

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

2.30 (c) \$1,772,000 each year is for contaminated
 2.31 site cleanup and development grants under
 2.32 Minnesota Statutes, sections 116J.551 to
 2.33 116J.558. This appropriation is available until
 2.34 expended.

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

3.6 (e) \$389,000 each year is for the Center for
3.7 Rural Policy and Development. In fiscal year
3.8 2026 and beyond, the base amount is
3.9 \$139,000.

3.10 (f) \$25,000 each year is for the administration
3.11 of state aid for the Destination Medical Center
3.12 under Minnesota Statutes, sections 469.40 to
3.13 469.47.

3.14 (g) \$875,000 each year is for the host
3.15 community economic development program
3.16 established in Minnesota Statutes, section
3.17 116J.548.

3.18 (h)(1) \$1,500,000 each year is for grants to
3.19 local communities to increase the number of
3.20 quality child care providers to support
3.21 economic development. This appropriation is
3.22 available through June 30, 2025. Fifty percent
3.23 of grant funds must go to communities located
3.24 outside the seven-county metropolitan area as
3.25 defined in Minnesota Statutes, section
3.26 473.121, subdivision 2.

3.27 (2) Grant recipients must obtain a 50 percent
3.28 nonstate match to grant funds in either cash
3.29 or in-kind contribution, unless the
3.30 commissioner waives the requirement. Grant
3.31 funds available under this subdivision must
3.32 be used to implement projects to reduce the
3.33 child care shortage in the state, including but
3.34 not limited to funding for child care business

4.1 start-ups or expansion, training, facility
4.2 modifications, direct subsidies or incentives
4.3 to retain employees, or improvements required
4.4 for licensing and assistance with licensing and
4.5 other regulatory requirements. In awarding
4.6 grants, the commissioner must give priority
4.7 to communities that have demonstrated a
4.8 shortage of child care providers.

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

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

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

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

5.6 (3) provide locally based training and technical
5.7 assistance to rural child care business owners
5.8 individually or through a learning cohort.
5.9 Access to financial and business development
5.10 assistance must prepare child care businesses
5.11 for quality engagement and improvement by
5.12 stabilizing operations, leveraging funding from
5.13 other sources, and fostering business acumen
5.14 that allows child care businesses to plan for
5.15 and afford the cost of providing quality child
5.16 care; and

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

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

6.1 (k) \$12,370,000 each year is for the Minnesota
6.2 investment fund under Minnesota Statutes,
6.3 section 116J.8731. Of this amount, the
6.4 commissioner of employment and economic
6.5 development may use up to three percent for
6.6 administration and monitoring of the program.
6.7 This appropriation is available until expended.
6.8 Notwithstanding Minnesota Statutes, section
6.9 116J.8731, money appropriated to the
6.10 commissioner for the Minnesota investment
6.11 fund may be used for the redevelopment
6.12 program under Minnesota Statutes, sections
6.13 116J.575 and 116J.5761, at the discretion of
6.14 the commissioner. Grants under this paragraph
6.15 are not subject to the grant amount limitation
6.16 under Minnesota Statutes, section 116J.8731.

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

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

6.30 (n) \$325,000 each year is for the Minnesota
6.31 Film and TV Board. The appropriation each
6.32 year is available only upon receipt by the
6.33 board of \$1 in matching contributions of
6.34 money or in-kind contributions from nonstate
6.35 sources for every \$3 provided by this

- 7.1 appropriation, except that each year up to
7.2 \$50,000 is available on July 1 even if the
7.3 required matching contribution has not been
7.4 received by that date.
- 7.5 (o) \$12,000 each year is for a grant to the
7.6 Upper Minnesota Film Office.
- 7.7 (p) \$500,000 each year is for a grant to the
7.8 Minnesota Film and TV Board for the film
7.9 production jobs program under Minnesota
7.10 Statutes, section 116U.26. This appropriation
7.11 is available until June 30, 2027.
- 7.12 (q) \$4,195,000 each year is for the Minnesota
7.13 job skills partnership program under
7.14 Minnesota Statutes, sections 116L.01 to
7.15 116L.17. If the appropriation for either year
7.16 is insufficient, the appropriation for the other
7.17 year is available. This appropriation is
7.18 available until expended.
- 7.19 (r) \$1,350,000 each year from the workforce
7.20 development fund is for jobs training grants
7.21 under Minnesota Statutes, section 116L.41.
- 7.22 (s) \$2,500,000 each year is for Launch
7.23 Minnesota. This appropriation is available
7.24 until June 30, 2027. The base in fiscal year
7.25 2026 is \$0. Of this amount:
- 7.26 (1) \$1,500,000 each year is for innovation
7.27 grants to eligible Minnesota entrepreneurs or
7.28 start-up businesses to assist with their
7.29 operating needs;
- 7.30 (2) \$500,000 each year is for administration
7.31 of Launch Minnesota; and
- 7.32 (3) \$500,000 each year is for grantee activities
7.33 at Launch Minnesota.

8.1 (t) \$250,000 each year is for the publication,
8.2 dissemination, and use of labor market
8.3 information under Minnesota Statutes, section
8.4 116J.401.

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

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

8.16 (w) \$500,000,000 in the first year is for
8.17 providing businesses with matching funds
8.18 required by federal programs. This
8.19 appropriation is available until spent. Of this
8.20 amount:

8.21 (1) \$100,000,000 is to match no less than
8.22 \$100,000,000 in federal funds provided by
8.23 Public Law 117-328 to establish a campus for
8.24 biomanufacturing pilot-scale testing and
8.25 commercialization, including site acquisition
8.26 and development;

8.27 (2) \$100,000,000 is to match no less than
8.28 \$100,000,000 in federal funds provided by
8.29 Public Law 117-328 for economic
8.30 development projects that expand Minnesota's
8.31 economy and job creation; and

8.32 (3) \$300,000,000 is to match no less than
8.33 \$300,000,000 in federal funds provided by
8.34 Public Law 117-167 for microelectronic

9.1 manufacturing facilities and workforce
9.2 development.

9.3 (x) \$1,250,000 each year is to hire, train, and
9.4 deploy small business navigators in
9.5 communities and locations throughout the state
9.6 to assist small businesses and entrepreneurs,
9.7 especially historically underserved small
9.8 businesses and entrepreneurs, in accessing
9.9 state, federal, local, and private small business
9.10 assistance programs. Of this amount, \$500,000
9.11 must be used to improve the agency's digital
9.12 navigation and information services for small
9.13 businesses and entrepreneurs. In fiscal year
9.14 2026 and beyond, the base amount is
9.15 \$1,000,000.

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

9.19 (1) \$450,000 each year is for administration
9.20 of the Office of Child Care Community
9.21 Partnerships; and

9.22 (2) \$50,000 each year is for the Labor Market
9.23 Information Office to conduct research and
9.24 analysis related to the child care industry.

9.25 (z) \$5,000,000 in the first year is for a grant
9.26 to the Bloomington Port Authority to provide
9.27 funding for the Expo 2027 host organization.
9.28 The Bloomington Port Authority must enter
9.29 into an agreement with the host organization
9.30 over the use of funds, which may be used for
9.31 activities, including but not limited to
9.32 finalizing the community dossier and staffing
9.33 the host organization as well as infrastructure
9.34 design and planning, financial modeling,

10.1 development planning and coordination of
10.2 both real estate and public private partnerships,
10.3 and reimbursement of the Bloomington Port
10.4 Authority for costs incurred. In selecting
10.5 vendors and exhibitors for Expo 2027, the host
10.6 organization shall prioritize outreach to,
10.7 collaboration with, and inclusion of businesses
10.8 that are majority owned by people of color,
10.9 women, and people with disabilities. The host
10.10 organization and the Bloomington Port
10.11 Authority may be reimbursed for expenses 90
10.12 days prior to encumbrance. This appropriation
10.13 is contingent on approval of the project by the
10.14 Bureau International des Expositions.

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

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

10.32 (cc) \$4,000,000 in the first year and
10.33 \$1,000,000 in the second year are for grants
10.34 to the Neighborhood Development Center.

11.1 This is a onetime appropriation. Of these
11.2 amounts:

11.3 (1) \$750,000 each year is for small business
11.4 programs, including training, lending, business
11.5 services, and real estate programming;

11.6 (2) \$250,000 each year is for technical
11.7 assistance activities for partners located
11.8 outside the seven-county metropolitan area,
11.9 as defined in Minnesota Statutes, section
11.10 473.121, subdivision 2;

11.11 (3) \$1,000,000 in the first year is for
11.12 development of permanently affordable,
11.13 concentrated commercial space and
11.14 wraparound business services outside the
11.15 seven-county metropolitan area, as defined in
11.16 Minnesota Statutes, section 473.121,
11.17 subdivision 2; and

11.18 (4) \$2,000,000 in the first year is for high-risk,
11.19 character-based loan capital for nonrecourse
11.20 loans to be used to leverage at least
11.21 \$10,000,000 in recourse lending capital.

11.22 (dd)(1) \$5,000,000 in the first year is for a
11.23 grant to the Center for Economic Inclusion for
11.24 strategic, data-informed investments in job
11.25 creation strategies that respond to the needs
11.26 of underserved populations statewide. This
11.27 may include pay-for-performance contracts
11.28 with nonprofit organizations to provide
11.29 outreach, training, and support services for
11.30 dislocated and chronically underemployed
11.31 people, as well as forgivable loans,
11.32 revenue-based financing, and equity
11.33 investments for entrepreneurs with barriers to
11.34 growth. Of this amount, up to ten percent may

- 12.1 be used for the center's technical assistance
12.2 and administrative costs. This appropriation
12.3 is available until June 30, 2025.
- 12.4 (2) By January 15, 2026, the Center for
12.5 Economic Inclusion shall submit a report on
12.6 the use of grant funds, including any loans
12.7 made, to the legislative committees with
12.8 jurisdiction over economic development.
- 12.9 (ee) \$4,000,000 in the first year is for the
12.10 Canadian border counties economic relief
12.11 program. Of this amount, \$1,000,000 is for
12.12 Tribal economic development. This
12.13 appropriation is available until June 30, 2025.
- 12.14 (ff) \$10,000,000 in the first year is for the
12.15 targeted community capital project grant
12.16 program under Minnesota Statutes, section
12.17 116J.9924.
- 12.18 (gg) \$13,550,000 in the first year is for deposit
12.19 in the emerging developer fund account in the
12.20 special revenue fund. Of this amount, up to
12.21 five percent is for the administration and
12.22 monitoring of the emerging developer fund
12.23 program under Minnesota Statutes, section
12.24 116J.9926.
- 12.25 (hh) \$2,000,000 in the first year is for a grant
12.26 to African Economic Development Solutions
12.27 for a loan fund that must address pervasive
12.28 economic inequities by supporting business
12.29 ventures of entrepreneurs in the African
12.30 immigrant community. This appropriation is
12.31 available until June 30, 2026.
- 12.32 (ii) \$500,000 each year is for grants to
12.33 Enterprise Minnesota, Inc., to directly invest
12.34 in Minnesota manufacturers for the small

13.1 business growth acceleration program under
13.2 Minnesota Statutes, section 116O.115. This
13.3 is a onetime appropriation.

13.4 ((j)(1) \$1,500,000 each year is for grants to
13.5 MNSBIR, Inc., to support moving scientific
13.6 excellence and technological innovation from
13.7 the lab to the market for start-ups and small
13.8 businesses by securing federal research and
13.9 development funding. The purpose of the grant
13.10 is to build a strong Minnesota economy and
13.11 stimulate the creation of novel products,
13.12 services, and solutions in the private sector;
13.13 strengthen the role of small business in
13.14 meeting federal research and development
13.15 needs; increase the commercial application of
13.16 federally supported research results; and
13.17 develop and increase the Minnesota
13.18 workforce, especially by fostering and
13.19 encouraging participation by small businesses
13.20 owned by women and people who are Black,
13.21 Indigenous, or people of color. This is a
13.22 onetime appropriation.

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

13.32 (i) assist small businesses in securing federal
13.33 research and development funding, including
13.34 the Small Business Innovation Research and
13.35 Small Business Technology Transfer programs

- 14.1 and other federal research and development
- 14.2 funding opportunities;
- 14.3 (ii) support technology transfer and
- 14.4 commercialization from the University of
- 14.5 Minnesota, Mayo Clinic, and federal
- 14.6 laboratories;
- 14.7 (iii) partner with large businesses;
- 14.8 (iv) conduct statewide outreach, education,
- 14.9 and training on federal rules, regulations, and
- 14.10 requirements;
- 14.11 (v) assist with scientific and technical writing;
- 14.12 (vi) help manage federal grants and contracts;
- 14.13 and
- 14.14 (vii) support cost accounting and sole-source
- 14.15 procurement opportunities.
- 14.16 (kk) \$2,000,000 in the first year is for a grant
- 14.17 to African Career, Education, and Resource,
- 14.18 Inc., for operational infrastructure and
- 14.19 technical assistance to small businesses. This
- 14.20 appropriation is available until June 30, 2025.
- 14.21 (ll) \$4,000,000 in the first year is for a grant
- 14.22 to the African Development Center to provide
- 14.23 loans to purchase commercial real estate and
- 14.24 to expand organizational infrastructure. This
- 14.25 appropriation is available until June 30, 2025.
- 14.26 Of this amount:
- 14.27 (1) \$2,800,000 is for loans to purchase
- 14.28 commercial real estate targeted at African
- 14.29 immigrant small business owners;
- 14.30 (2) \$364,000 is for loan loss reserves to
- 14.31 support loan volume growth and attract
- 14.32 additional capital; and

15.1 (3) \$836,000 is for increasing organizational
15.2 capacity.

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

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

15.15 (ii) at least 33.3 percent to businesses outside
15.16 of the seven-county metropolitan area as
15.17 defined in Minnesota Statutes, section
15.18 473.121, subdivision 2.

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

15.29 (oo) \$6,000,000 in the first year is for grants
15.30 to the Minnesota initiative foundations to
15.31 capitalize their revolving loan funds, which
15.32 address unmet financing needs of for-profit
15.33 business start-ups, expansions, and ownership
15.34 transitions; nonprofit organizations; and

16.1 developers of housing to support the
16.2 construction, rehabilitation, and conversion
16.3 of housing units. Of this amount:
16.4 (1) \$1,000,000 is for a grant to the Southwest
16.5 Initiative Foundation;
16.6 (2) \$1,000,000 is for a grant to the West
16.7 Central Initiative Foundation;
16.8 (3) \$1,000,000 is for a grant to the Southern
16.9 Minnesota Initiative Foundation;
16.10 (4) \$1,000,000 is for a grant to the Northwest
16.11 Minnesota Foundation;
16.12 (5) \$1,000,000 is for a grant to the Initiative
16.13 Foundation; and
16.14 (6) \$1,000,000 is for a grant to the Northland
16.15 Foundation.
16.16 (pp) \$627,000 in the first year is for a grant to
16.17 Community and Economic Development
16.18 Associates (CEDA) to provide funding for
16.19 economic development technical assistance
16.20 and economic development project grants to
16.21 small communities across rural Minnesota and
16.22 for CEDA to design, implement, market, and
16.23 administer specific types of basic community
16.24 and economic development programs tailored
16.25 to individual community needs. Technical
16.26 assistance grants shall be based on need and
16.27 given to communities that are otherwise
16.28 unable to afford these services. Of this amount,
16.29 up to \$270,000 may be used for economic
16.30 development project implementation in
16.31 conjunction with the technical assistance
16.32 received.

- 17.1 (qq) \$3,000,000 in the first year is for a grant
17.2 to the Latino Economic Development Center.
17.3 This appropriation is available until June 30,
17.4 2025. Of this amount:
- 17.5 (1) \$1,500,000 is to assist, support, finance,
17.6 and launch microentrepreneurs by delivering
17.7 training, workshops, and one-on-one
17.8 consultations to businesses; and
- 17.9 (2) \$1,500,000 is to guide prospective
17.10 entrepreneurs in their start-up process by
17.11 introducing them to key business concepts,
17.12 including business start-up readiness. Grant
17.13 proceeds must be used to offer workshops on
17.14 a variety of topics throughout the year,
17.15 including finance, customer service,
17.16 food-handler training, and food-safety
17.17 certification. Grant proceeds may also be used
17.18 to provide lending to business startups.
- 17.19 (rr)(1) \$125,000 each year is for grants to the
17.20 Latino Chamber of Commerce Minnesota to
17.21 support the growth and expansion of small
17.22 businesses statewide. Funds may be used for
17.23 the cost of programming, outreach, staffing,
17.24 and supplies. This is a onetime appropriation.
- 17.25 (2) By January 15, 2026, the Latino Chamber
17.26 of Commerce Minnesota must submit a report
17.27 to the legislative committees with jurisdiction
17.28 over economic development that details the
17.29 use of grant funds and the grant's economic
17.30 impact.
- 17.31 (ss)(1) \$7,500,000 in the first year is for a
17.32 grant to the Metropolitan Economic
17.33 Development Association (MEDA) for
17.34 statewide business development and assistance

18.1 services to minority-owned businesses. Of this
18.2 amount:

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

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

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

18.15 (tt) \$175,000 in the first year is for a grant to
18.16 the city of South St. Paul for repurposing the
18.17 1927 American Legion Memorial Library after
18.18 the property is no longer used as a library. This
18.19 appropriation is available until the project is
18.20 completed or abandoned, subject to Minnesota
18.21 Statutes, section 16A.642.

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

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

18.27 (2) \$11,000,000 each year is for a grant to the
18.28 city of St. Paul;

18.29 (3) \$5,425,000 each year is for a grant to the
18.30 Northside Economic Opportunity Network;

18.31 (4) \$5,425,000 each year is for a grant to the
18.32 Lake Street Council;

- 19.1 (5) \$5,425,000 each year is for a grant to the
19.2 Midway Chamber of Commerce; and
- 19.3 (6) \$250,000 each year is for a grant to the
19.4 Asian Economic Development Association.
- 19.5 (vv) \$250,000 in the first year is for a grant to
19.6 LatinoLEAD for organizational
19.7 capacity-building.
- 19.8 (ww) \$200,000 in the first year is for a grant
19.9 to the Neighborhood Development Center for
19.10 small business competitive grants to software
19.11 companies working to improve employee
19.12 engagement and workplace culture and to
19.13 reduce turnover.
- 19.14 (xx) \$2,000,000 in the first year and
19.15 \$1,000,000 in the second year are for grants
19.16 to the Local Initiatives Support Corporation.
19.17 This is a onetime appropriation. Of these
19.18 amounts:
- 19.19 (1) \$200,000 in the first year and \$100,000 in
19.20 the second year are for predevelopment grants
19.21 and technical assistance in support of real
19.22 estate development in areas negatively affected
19.23 by civil unrest; and
- 19.24 (2) \$1,800,000 in the first year and \$900,000
19.25 in the second year are for capitalizing a loan
19.26 program for the development and construction
19.27 of commercial and residential projects in areas
19.28 negatively affected by civil unrest. A priority
19.29 for use of these funds shall be participants in
19.30 programs for emerging developers.
- 19.31 (yy) \$1,000,000 in fiscal year 2024 is for a
19.32 grant to WomenVenture to support child care
19.33 providers through business training and shared
19.34 services programs and to create materials that

20.1 could be used, free of charge, for start-up,
 20.2 expansion, and operation of child care
 20.3 businesses statewide, with the goal of helping
 20.4 new and existing child care businesses in
 20.5 underserved areas of the state become
 20.6 profitable and sustainable. The commissioner
 20.7 shall report data on outcomes and
 20.8 recommendations for replication of this
 20.9 training program throughout Minnesota to the
 20.10 governor and relevant committees of the
 20.11 legislature by December 15, 2025. This is a
 20.12 onetime appropriation and is available until
 20.13 June 20, 2025.

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

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

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

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

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

20.24 (a) \$500,000 each year must be matched from
 20.25 nonstate sources to develop maximum private
 20.26 sector involvement in tourism. Each \$1 of state
 20.27 incentive must be matched with \$6 of private
 20.28 sector money. "Matched" means revenue to
 20.29 the state or documented in-kind, soft match,
 20.30 or cash expenditures directly expended to
 20.31 support Explore Minnesota Tourism under
 20.32 section 116U.05. The incentive in fiscal year
 20.33 2024 is based on fiscal year 2023 private
 20.34 sector contributions. The incentive in fiscal

21.1 year 2025 is based on fiscal year 2024 private
21.2 sector contributions. This incentive is ongoing.

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

21.7 (1) \$3,000,000 each year is for competitive
21.8 grants for large-scale sporting and other major
21.9 events;

21.10 (2) \$1,100,000 each year is for grants to
21.11 Minnesota's 11 Tribal Nations to promote and
21.12 support new tourism opportunities for Tribal
21.13 Nations;

21.14 (3) \$1,000,000 each year is to expand
21.15 diversity, equity, inclusion, and accessibility
21.16 through tourism marketing;

21.17 (4) \$625,000 each year is for the tourism and
21.18 hospitality industry and the Governor's Opener
21.19 events;

21.20 (5) \$88,000 each year is to develop new
21.21 resources and increase engagement for the
21.22 tourism industry; and

21.23 (6) \$87,000 each year is to develop a
21.24 long-term sustainability plan for tourism.

21.25 (c)(1) \$2,000,000 in the first year is for a
21.26 tourism industry recovery grant program to
21.27 provide grants to organizations, Tribal
21.28 governments, underserved community groups,
21.29 and communities to accelerate the recovery of
21.30 the state's tourism industry, with preference
21.31 for applicants who have not previously
21.32 received grants. Grant money may be used to
21.33 support meetings, conventions and group

- 22.1 business, multicompany and high-visibility
22.2 events, and tourism marketing. Explore
22.3 Minnesota Tourism must accept grant
22.4 applications for at least five business days
22.5 beginning at 8:00 a.m. on the first business
22.6 day and, if total applications exceed
22.7 \$10,000,000, the grants must be awarded to
22.8 eligible applicants at random until the funding
22.9 is exhausted. Of this amount:
22.10 (i) at least 25 percent must go to groups in
22.11 Hennepin and Ramsey counties;
22.12 (ii) at least 25 percent must go to groups in
22.13 Anoka, Carver, Dakota, Scott, and Washington
22.14 counties;
22.15 (iii) at least 25 percent must go to groups
22.16 outside of the metropolitan area, as defined
22.17 under Minnesota Statutes, section 473.121,
22.18 subdivision 2;
22.19 (iv) at least 25 percent must be distributed as
22.20 small grants of no more than \$10,000 each for
22.21 tourism promotional activities; and
22.22 (v) up to three percent may be used for
22.23 program administration, including promotional
22.24 activities and reporting.
22.25 (2) Explore Minnesota Tourism must submit
22.26 a preliminary report by November 1, 2023,
22.27 and a final report by January 1, 2025, to the
22.28 legislative committees with jurisdiction over
22.29 tourism that detail the use of grant funds.
22.30 (d) Money for marketing grants is available
22.31 either year of the biennium. Unexpended grant
22.32 money from the first year is available in the
22.33 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;

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

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

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

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

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

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

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

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

24.12 (4) any proposed legislative and policy initiatives; and

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

24.15 (c) The report may be submitted electronically and is subject to section 3.195, subdivision
24.16 1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

25.18 Sec. 3. Minnesota Statutes 2022, section 116J.871, subdivision 1, is amended to read:

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

25.21 (b) "Economic development" means financial assistance provided to a person directly
25.22 or to a local unit of government or nonprofit organization on behalf of a person who is
25.23 engaged in the manufacture or sale of goods and services. Economic development does not
25.24 include (1) financial assistance for rehabilitation of existing housing ~~or~~, (2) financial
25.25 assistance for new housing construction in which total financial assistance at a single project
25.26 site is less than \$100,000, or (3) financial assistance for detached single-family affordable
25.27 homeownership units in which the single project site consists of fewer than five units.

25.28 (c) "Financial assistance" means (1) a grant awarded by a state agency for economic
25.29 development related purposes if a single business receives \$200,000 or more of the grant
25.30 proceeds; (2) a loan or the guaranty or purchase of a loan made by a state agency for
25.31 economic development related purposes if a single business receives \$500,000 or more of
25.32 the loan proceeds; or (3) a reduction, credit, or abatement of a tax assessed under chapter

26.1 297A where the tax reduction, credit, or abatement applies to a geographic area smaller
26.2 than the entire state and was granted for economic development related purposes. Financial
26.3 assistance does not include payments by the state of aids and credits under chapter 273 or
26.4 477A to a political subdivision.

26.5 (d) "Project site" means the location where improvements are made that are financed in
26.6 whole or in part by the financial assistance; or the location of employees that receive financial
26.7 assistance in the form of employment and training services as defined in section 116L.19,
26.8 subdivision 4, or customized training from a technical college.

26.9 (e) "State agency" means any agency defined under section 16B.01, subdivision 2,
26.10 Enterprise Minnesota, Inc., and the Iron Range Resources and Rehabilitation Board.

26.11 Sec. 4. Minnesota Statutes 2022, section 116J.871, subdivision 2, is amended to read:

26.12 Subd. 2. **Prevailing wage required.** (a) A state agency may provide financial assistance
26.13 to a person only if the person receiving or benefiting from the financial assistance certifies
26.14 to the commissioner of labor and industry that laborers and mechanics at the project site
26.15 during construction, installation, remodeling, and repairs for which the financial assistance
26.16 was provided will be paid the prevailing wage rate as defined in section 177.42, subdivision
26.17 6, and be subject to the requirements and enforcement provisions of sections 177.27, 177.30,
26.18 177.32, 177.41 to 177.435, and 177.45.

26.19 (b) For the purposes of a person subject to paragraph (a) who is required to comply with
26.20 section 177.30, paragraph (a), clauses (6) and (7), the state agency awarding the financial
26.21 assistance is considered the contracting authority and the project is considered a public
26.22 works project. The person receiving or benefiting from the financial assistance shall notify
26.23 all employers on the project of the record keeping and reporting requirements of section
26.24 177.30, paragraph (a), clauses (6) and (7). Each employer shall submit the required
26.25 information to the contracting authority.

26.26 Sec. 5. **[116J.8746] SMALL BUSINESS PARTNERSHIP PROGRAM.**

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

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

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

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

- 27.1 (2) is either:
- 27.2 (i) located in greater Minnesota;
- 27.3 (ii) in the field of high technology; or
- 27.4 (iii) at least 51 percent owned by people who are either:
- 27.5 (A) Black, indigenous, or people of color;
- 27.6 (B) women;
- 27.7 (C) immigrants;
- 27.8 (D) veterans;
- 27.9 (E) people with disabilities;
- 27.10 (F) low-income; or
- 27.11 (G) LGBTQ+.
- 27.12 (d) "Program" means the small business partnership program established in this section.

27.13 Subd. 2. **Establishment.** The commissioner of employment and economic development

27.14 shall establish a small business partnership program to make statewide grants to local and

27.15 regional community-based nonprofit organizations to support the start-up, growth, and

27.16 success of eligible businesses through the delivery of high-quality free or low-cost

27.17 professional business development and technical assistance services.

27.18 Subd. 3. **Grants to nonprofits.** (a) Nonprofit organizations shall apply for grants using

27.19 a competitive process established by the commissioner.

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

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

27.22 expenses.

27.23 (d) Preference shall be given to applications from nonprofits that can demonstrate a

27.24 record of successful outcomes serving historically underserved communities or increasing

27.25 the upward economic mobility of clients.

27.26 Subd. 4. **Administration.** The commissioner may use up to five percent of program

27.27 funds for administering and monitoring the program.

27.28 Subd. 5. **Reporting.** (a) Grant recipients shall report to the commissioner each year they

27.29 receive grant funds. This report shall detail the use of grant funds and shall include data on

28.1 the number of individuals served and other measures of program impact, along with any
28.2 other information requested by the commissioner.

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

28.8 Sec. 6. Minnesota Statutes 2022, section 116J.8748, subdivision 3, is amended to read:

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

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

28.14 (i) manufacturing;

28.15 (ii) warehousing;

28.16 (iii) distribution;

28.17 (iv) information technology;

28.18 (v) finance;

28.19 (vi) insurance; or

28.20 (vii) professional or technical services;

28.21 (2) the business must not be primarily engaged in lobbying; gambling; entertainment;
28.22 professional sports; political consulting; leisure; hospitality; or professional services provided
28.23 by attorneys, accountants, business consultants, physicians, or health care consultants, or
28.24 primarily engaged in making retail sales to purchasers who are physically present at the
28.25 business's location;

28.26 (3) the business must enter into a binding construction and job creation business subsidy
28.27 agreement with the commissioner to expend directly, or ensure expenditure by or in
28.28 partnership with a third party constructing or managing the project, at least \$500,000 in
28.29 capital investment in a capital investment project that includes a new, expanded, or remodeled
28.30 facility within one year following designation as a Minnesota job creation fund business or
28.31 \$250,000 if the project is located outside the metropolitan area as defined in section 200.02,

29.1 subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans,
29.2 women, or persons with a disability; and:

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

29.8 (ii) expend at least \$25,000,000, which may include the installation and purchase of
29.9 machinery and equipment, in capital investment and retain at least ~~200~~ 100 employees for
29.10 projects located in the metropolitan area as defined in section 200.02, subdivision 24, ~~and~~
29.11 75 or expend at least \$10,000,000, which may include the installation and purchase of
29.12 machinery and equipment, in capital investment and retain at least 50 employees for projects
29.13 located outside the metropolitan area;

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

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

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

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

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

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

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

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

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

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

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

30.1 (9) any other criteria the commissioner deems necessary.

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

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

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

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

30.15 Sec. 7. Minnesota Statutes 2022, section 116J.8748, subdivision 4, is amended to read:

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

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

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

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

31.3 (3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards
31.4 are allowable for projects that have at least \$25,000,000 in capital investment and ~~200~~ 100
31.5 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and
31.6 ~~75~~ 50 new employees for projects located outside the metropolitan area;

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

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

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

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

31.32 (e) The forms needed to be submitted to document performance by the Minnesota job
31.33 creation fund business must be in the form and be made under the procedures specified by
31.34 the commissioner. The forms shall include documentation and certification by the business

32.1 that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66,
32.2 and other provisions as specified by the commissioner.

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

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

32.15 Sec. 8. Minnesota Statutes 2022, section 116J.8748, subdivision 6, is amended to read:

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

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

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

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

33.4 Sec. 9. Minnesota Statutes 2022, section 116J.8748, is amended by adding a subdivision
33.5 to read:

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

33.9 Sec. 10. [116J.8751] LAUNCH MINNESOTA.

33.10 Subdivision 1. **Establishment.** Launch Minnesota is established within the Business
33.11 and Community Development Division of the Department of Employment and Economic
33.12 Development to encourage and support the development of new private sector technologies
33.13 and support the science and technology policies under Minnesota Statutes, section 3.222.
33.14 Launch Minnesota must provide entrepreneurs and emerging technology-based companies
33.15 business development assistance and financial assistance to spur growth.

33.16 Subd. 2. **Definitions.** (a) For purposes of this section, the terms defined in this subdivision
33.17 have the meanings given.

33.18 (b) "Advisory board" means the board established under subdivision 10.

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

33.20 (d) "Department" means the Department of Employment and Economic Development.

33.21 (e) "Entrepreneur" means a Minnesota resident who is involved in establishing a business
33.22 entity and secures resources directed to its growth while bearing the risk of loss.

33.23 (f) "Greater Minnesota" means the area of Minnesota located outside of the metropolitan
33.24 area as defined in Minnesota Statutes, section 473.121, subdivision 2.

33.25 (g) "Innovative technology and business" means a new novel business model or product;
33.26 a derivative product incorporating new elements into an existing product; a new use for a
33.27 product; or a new process or method for the manufacture, use, or assessment of any product
33.28 or activity, patentability, or scalability. Innovative technology or business model does not
33.29 include locally based retail, lifestyle, or business services. The business must not be primarily
33.30 engaged in real estate development, insurance, banking, lending, lobbying, political
33.31 consulting, information technology consulting, wholesale or retail trade, leisure, hospitality,

34.1 transportation, construction, ethanol production from corn, or professional services provided
34.2 by attorneys, accountants, business consultants, physicians, or health care consultants.

34.3 (h) "Institution of higher education" has the meaning given in Minnesota Statutes, section
34.4 136A.28, subdivision 6.

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

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

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

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

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

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

34.18 (1) planned principal operations have not commenced; or

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

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

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

34.28 (n) "Veteran" has the meaning given in Minnesota Statutes, section 197.447.

34.29 Subd. 3. **Duties.** The commissioner, by and through Launch Minnesota, shall:

34.30 (1) support innovation and initiatives designed to accelerate the growth of innovative
34.31 technology and business start-ups in Minnesota;

35.1 (2) in partnership with other organizations, offer classes and instructional sessions on
35.2 how to start an innovative technology and business start-up;

35.3 (3) promote activities for entrepreneurs and investors regarding the state's growing
35.4 innovation economy;

35.5 (4) hold events and meetings that gather key stakeholders in the state's innovation sector;

35.6 (5) conduct outreach and education on innovation activities and related financial programs
35.7 available from the department and other organizations, particularly for underserved
35.8 communities;

35.9 (6) interact and collaborate with statewide partners including but not limited to businesses,
35.10 nonprofits, trade associations, and higher education institutions;

35.11 (7) administer an advisory board to assist with direction, grant application review,
35.12 program evaluation, report development, and partnerships;

35.13 (8) accept grant applications under subdivisions 5, 6, and 7 and work with the advisory
35.14 board to review and prioritize the applications and provide recommendations to the
35.15 commissioner; and

35.16 (9) perform other duties at the commissioner's discretion.

35.17 Subd. 4. **Administration.** (a) The executive director shall:

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

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

35.22 (b) Launch Minnesota may occupy and lease physical space in a private coworking
35.23 facility that includes office space for staff and space for community engagement for training
35.24 entrepreneurs. The physical space leased under this paragraph is exempt from the
35.25 requirements in Minnesota Statutes, section 16B.24, subdivision 6.

35.26 (c) At least three times per month, Launch Minnesota staff shall communicate with
35.27 organizations in greater Minnesota that have received a grant under subdivision 7. To the
35.28 extent possible, Launch Minnesota shall form partnerships with organizations located
35.29 throughout the state.

35.30 (d) Launch Minnesota must accept grant applications under this section and provide
35.31 funding recommendations to the commissioner and the commissioner shall distribute grants
35.32 based in part on the recommendations.

36.1 Subd. 5. **Application process.** (a) The commissioner shall establish the application form
36.2 and procedures for grants.

36.3 (b) Upon receiving recommendations from Launch Minnesota, the commissioner is
36.4 responsible for evaluating all applications using evaluation criteria which shall be developed
36.5 by Launch Minnesota in consultation with the advisory board.

36.6 (c) For grants under subdivision 6, priority shall be given if the applicant is:

36.7 (1) a business or entrepreneur located in greater Minnesota; or

36.8 (2) a business owner, individual with a disability, or entrepreneur who is a woman,
36.9 veteran, or minority group member.

36.10 (d) For grants under subdivision 7, priority shall be given if the applicant is planning to
36.11 serve:

36.12 (1) businesses or entrepreneurs located in greater Minnesota; or

36.13 (2) business owners, individuals with disabilities, or entrepreneurs who are women,
36.14 veterans, or minority group members.

36.15 (e) The department staff, and not Launch Minnesota staff, are responsible for awarding
36.16 funding, disbursing funds, and monitoring grantee performance for all grants awarded under
36.17 this section.

36.18 (f) Grantees must provide matching funds by equal expenditures and grant payments
36.19 must be provided on a reimbursement basis after review of submitted receipts by the
36.20 department.

36.21 (g) Grant applications must be accepted on a regular periodic basis by Launch Minnesota
36.22 and must be reviewed by Launch Minnesota and the advisory board before being submitted
36.23 to the commissioner with their recommendations.

36.24 Subd. 6. **Innovation grants.** (a) The commissioner shall distribute innovation grants
36.25 under this subdivision.

36.26 (b) The commissioner shall provide a grant of up to \$35,000 to an eligible business or
36.27 entrepreneur for research and development expenses, direct business expenses, and the
36.28 purchase of technical assistance or services from public higher education institutions and
36.29 nonprofit entities. Research and development expenditures may include but are not limited
36.30 to proof of concept activities, intellectual property protection, prototype designs and
36.31 production, and commercial feasibility. Expenditures funded under this subdivision are not
36.32 eligible for the research and development tax credit under Minnesota Statutes, section

37.1 290.068. Direct business expenses may include rent, equipment purchases, and supplier
37.2 invoices. Taxes imposed by federal, state, or local government entities may not be reimbursed
37.3 under this paragraph. Technical assistance or services must be purchased to assist in the
37.4 development or commercialization of a product or service to be eligible. Each business or
37.5 entrepreneur may receive only one grant per biennium under this paragraph.

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

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

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

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

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

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

37.33 (2) outreach and education to businesses and organizations on the small business
37.34 investment tax credit program under Minnesota Statutes, section 116J.8737, the MNvest

38.1 crowd-funding program under Minnesota Statutes, section 80A.461, and other state programs
38.2 that support innovative technology business creation especially in underserved communities;

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

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

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

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

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

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

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

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

39.5 Sec. 11. Minnesota Statutes 2022, section 116J.9924, subdivision 4, is amended to read:

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

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

39.11 Sec. 12. **[116J.9925] COMMUNITY WEALTH-BUILDING GRANT PROGRAM.**

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

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

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

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

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

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

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

39.29 Subd. 3. Grants to partner organizations. (a) The commissioner shall award grants to
39.30 partner organizations through a competitive grant process where applicants apply using a

40.1 form designed by the commissioner. In evaluating applications, the commissioner shall
40.2 consider whether the applicant:

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

40.6 (2) has the technical skills to analyze projects;

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

40.9 (4) can initiate and implement economic development projects;

40.10 (5) can establish a program and administer funds;

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

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

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

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

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

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

40.28 (b) Under the plan:

40.29 (1) the state contribution to each loan shall be no less than \$50,000 and no more than
40.30 \$2,500,000;

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

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

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

41.5 (5) 50 percent of all repayments of principal on a loan under the program shall be repaid
41.6 to the community wealth-building account created under subdivision 5. The partner
41.7 organization may retain the remainder of loan repayments to service loans and provide
41.8 further technical assistance;

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

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

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

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

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

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

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

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

41.28 Sec. 13. **[116J.9926] EMERGING DEVELOPER FUND PROGRAM.**

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

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

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

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

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

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

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

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

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

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

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

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

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

42.19 (3) is either a:

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

42.21 (ii) woman;

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

42.23 (iv) low-income person.

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

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

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

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

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

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

43.8 Subd. 3. **Grants to partner organizations.** (a) The commissioner shall design a
43.9 competitive process to award grants to partner organizations to make grants and loans to
43.10 emerging developers under subdivision 4.

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

43.13 Subd. 4. **Grants and loans to emerging developers.** (a) Through the program, partner
43.14 organizations shall offer emerging developers predevelopment grants and predevelopment,
43.15 construction, and bridge loans for eligible projects according to a plan submitted to and
43.16 approved by the commissioner.

43.17 (b) Predevelopment grants must be for no more than \$100,000. All loans must be for no
43.18 more than \$1,000,000.

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

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

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

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

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

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

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

44.6 Subd. 5. Eligible expenses. (a) The following are eligible expenses for a predevelopment
44.7 grant or loan under the program:

44.8 (1) earnest money or purchase deposit;

44.9 (2) building inspection fees and environmental reviews;

44.10 (3) appraisal and surveying;

44.11 (4) design and tax credit application fees;

44.12 (5) title and recording fees;

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

44.14 (7) interim maintenance and project overhead;

44.15 (8) property taxes and insurance;

44.16 (9) construction bonds or letters of credit;

44.17 (10) market and feasibility studies; and

44.18 (11) professional fees.

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

44.21 (1) land or building acquisition;

44.22 (2) construction-related expenses;

44.23 (3) developer and contractor fees;

44.24 (4) site preparation, environmental cleanup, and demolition;

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

44.26 (6) professional fees;

44.27 (7) carrying costs;

44.28 (8) construction period interest;

45.1 (9) project reserves; and

45.2 (10) leasehold improvements and equipment purchase.

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

45.6 Subd. 7. **Reports to the legislature.** (a) By January 15 of each year, beginning in 2025,
45.7 each partner organization shall submit a report to the commissioner on the use of program
45.8 funds and program outcomes.

45.9 (b) By February 15 of each year, beginning in 2025, the commissioner shall submit a
45.10 report to the chairs of the house of representatives and senate committees with jurisdiction
45.11 over economic development on the use of program funds and program outcomes.

45.12 Sec. 14. **EMPOWERING ENTERPRISE PROGRAM.**

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

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

45.16 (c) "Eligible organization" means:

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

45.18 (2) a nonprofit organization; or

45.19 (3) a city.

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

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

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

- 46.1 (1) the eligible organization must develop criteria, procedures, and requirements for:
- 46.2 (i) determining eligibility for assistance;
- 46.3 (ii) the duration, terms, underwriting and security requirements, and repayment
- 46.4 requirements for loans;
- 46.5 (iii) evaluating applications for assistance;
- 46.6 (iv) awarding assistance; and
- 46.7 (v) administering the grant and loan programs authorized under this section, including
- 46.8 any subgrants to local nonprofits;
- 46.9 (2) the eligible organization must submit its criteria, procedures, and requirements
- 46.10 developed pursuant to clause (1) to the commissioner of employment and economic
- 46.11 development for review; and
- 46.12 (3) the commissioner must approve the criteria, procedures, and requirements as
- 46.13 developed pursuant to clause (1) to be used by an eligible organization in determining
- 46.14 eligibility for assistance, evaluating, awarding, and administering a grant and loan program.
- 46.15 (b) Relief under this section includes grants to entities. These grants must not exceed
- 46.16 \$500,000 per entity, must specify that an entity receiving a grant must remain in the local
- 46.17 community a minimum of three years after the date of the grant, and must require submission
- 46.18 of a plan for continued operation. Grants may be awarded to applicants only when an eligible
- 46.19 organization determines that a loan is not appropriate to address the needs of the applicant.
- 46.20 (c) Relief under this section includes loans to entities, with or without interest, and
- 46.21 deferred or forgivable loans. The maximum loan amount under this subdivision is \$500,000
- 46.22 per entity. The lending criteria adopted by an eligible organization for loans under this
- 46.23 subdivision must:
- 46.24 (1) specify that an entity receiving a deferred or forgivable loan must remain in the local
- 46.25 community a minimum of three years after the date of the loan. The maximum loan deferral
- 46.26 period must not exceed three years from the date the loan is approved; and
- 46.27 (2) require submission of a plan for continued operation. The plan must document the
- 46.28 probable success of the applicant's plan and probable success in repaying the loan according
- 46.29 to the terms established for the loan program.
- 46.30 (d) All loan repayment funds under this subdivision must be paid to the commissioner
- 46.31 of employment and economic development for deposit in the general fund.

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

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

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

47.6 (3) the loan default rate;

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

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

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

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

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

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

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

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

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

48.3 Sec. 15. **CANADIAN BORDER COUNTIES ECONOMIC RELIEF PROGRAM.**

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

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

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

48.12 (i) determining eligibility for assistance;

48.13 (ii) evaluating applications for assistance;

48.14 (iii) awarding assistance; and

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

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

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

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

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

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

48.25 (2) document a reduction of at least ten percent in gross receipts in 2021 compared to
48.26 2019; and

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

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

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

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

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

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

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

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

49.15 Subd. 5. **Business subsidy requirements.** Minnesota Statutes, sections 116J.993 to
49.16 116J.995, do not apply to assistance under this section. Businesses in receipt of assistance
49.17 under this section must provide for job creation and retention goals, and wage and benefit
49.18 goals.

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

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

49.23 Sec. 16. **REPEALER.**

49.24 Minnesota Statutes 2022, section 116J.9924, subdivision 6, and Laws 2019, First Special
49.25 Session chapter 7, article 2, section 8, as amended by Laws 2021, First Special Session
49.26 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

51.1 recommendations must be submitted by the Capitol Area Architectural and Planning Board
51.2 to the chairs and ranking minority members of the committees of the legislature with
51.3 jurisdiction over the board no later than February 1, 2024.

51.4 Subd. 5. **Expiration.** Notwithstanding Minnesota Statutes, section 15.059, subdivision
51.5 6, the task force expires upon submission of the report required by subdivision 4.

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

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

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

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

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

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

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

51.32 (b) Funds under this section are available:

- 52.1 (1) for planning, predesign, design, engineering, environmental analysis and mitigation,
52.2 land acquisition, and reconstruction of streets and highways; and
- 52.3 (2) only upon approval of the expenditure by the Capitol Area Architectural and Planning
52.4 Board.
- 52.5 (c) For purposes of this section, "Capitol Area" means that part of the city of St. Paul
52.6 within the boundaries described in Minnesota Statutes, section 15B.02.

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116J.9924 TARGETED COMMUNITY CAPITAL PROJECT GRANT PROGRAM.

Subd. 6. **Applicability of other laws.** The provisions of chapter 16A that apply to general fund appropriations for capital projects also apply to grants under this section. Money granted under this section is available until the project is completed or abandoned subject to section 16A.642.

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

Sec. 19. Laws 2019, First Special Session chapter 7, article 2, section 8, is amended to read:

Sec. 8. 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 9.

(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 generated less than \$1,000,000 in revenue.

(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.

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(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 commissioner shall employ an executive director in the unclassified service, one staff member to support Launch Minnesota, and one staff member in the business and community development division to manage grants. 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

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(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), but do require a recommendation from the Launch Minnesota advisory board.

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

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(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 report by December 31, 2022, and again by December 31, 2023, 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.

Subd. 10. **Expiration.** This section expires January 1, 2026.