State of Minnesota

# HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

**H. F. No. 3449**

02/12/2024 Authored by Hassan and Xiong
The bill was read for the first time and referred to the Committee on Economic Development Finance and Policy
04/24/2024 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

A bill for an act

relating to economic development; making supplemental appropriation changes to programs relating to the Department of Employment and Economic Development and Explore Minnesota; modifying economic development policy; establishing Explore Minnesota Film; creating a Brooklyn Park Biotech Innovation District; appropriating money; amending Minnesota Statutes 2022, sections 116J.435, subdivisions 3, 4; 116J.5492, subdivision 2; 116M.18; 116U.26; 116U.27, subdivision 5; 446A.072, subdivision 5a; 446A.073, subdivision 1; Minnesota Statutes 2023 Supplement, sections 116J.682, subdivisions 1, 3; 116J.8733; 116J.8751, by adding a subdivision; 116U.27, subdivisions 1, 4; Laws 2023, chapter 53, article 15, sections 32, subdivision 6; 33, subdivisions 4, 5; article 20, sections 2, subdivisions 1, 2; 3; proposing coding for new law in Minnesota Statutes, chapter 116U; repealing Minnesota Statutes 2022, section 116J.435, subdivision 5.

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

## ARTICLE 1
## APPROPRIATIONS

Section 1. Laws 2023, chapter 53, article 20, section 2, subdivision 1, is amended to read:

| | | | | |
|---|---|---|---|---|
| Subdivision 1. **Total Appropriation** | $ | **382,802,000** | $ | ~~**310,131,000**~~ **306,306,000** |

Appropriations by Fund

| | 2024 | 2025 |
|---|---|---|
| General | 352,525,000 | ~~279,854,000~~ 276,029,000 |
| Remediation | 700,000 | 700,000 |
| Workforce Development | 30,277,000 | 30,277,000 |

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

Sec. 2. Laws 2023, chapter 53, article 20, section 2, subdivision 2, is amended to read:

| | | |
|---|---|---|
| Subd. 2. **Business and Community Development** | 195,061,000 | ~~139,929,000~~ 136,104,000 |

Appropriations by Fund

| | | |
|---|---|---|
| General | 193,011,000 | ~~137,879,000~~ 134,054,000 |
| Remediation | 700,000 | 700,000 |
| Workforce Development | 1,350,000 | 1,350,000 |

(a) $2,287,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until June 30, 2027.

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

(c) $2,500,000 ~~each~~ the first year is for Launch Minnesota. ~~These are~~ This is a onetime ~~appropriations~~ appropriation. Of this amount:

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

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

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

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

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

(i) assist small businesses in securing federal research and development funding, including the Small Business Innovation Research and

Small Business Technology Transfer programs and other federal research and development funding opportunities;

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

(iii) partner with large businesses;

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

(v) assist with scientific and technical writing;

(vi) help manage federal grants and contracts; and

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

(e) $10,000,000 the first year is for the Minnesota Expanding Opportunity Fund Program under Minnesota Statutes, section 116J.8733. This is a onetime appropriation and is available until June 30, 2025.

(f) $6,425,000 each year is for the small business assistance partnerships program under Minnesota Statutes, section 116J.682. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. The department may use up to five percent of the appropriation for administrative purposes. The base for this appropriation is $2,725,000 in fiscal year 2026 and each year thereafter.

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

(h) $5,000,000 each year is transferred from the general fund to the community energy transition account for grants under Minnesota Statutes, section 116J.55. This is a onetime transfer.

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

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

(k) $389,000 each year is for the Center for Rural Policy and Development. The base for this appropriation is $139,000 in fiscal year 2026 and each year thereafter.

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

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

(n) $6,500,000 each year is for grants to local communities to increase the number of quality child care providers to support economic development. Fifty percent of grant money must go to communities located outside the seven-county metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2. The base for this appropriation is $1,500,000 in fiscal year 2026 and each year thereafter.

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

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

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

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

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

(p) $3,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations. This appropriation is available until June 30, 2027. The base for this appropriation is $1,000,000 in fiscal year 2026 and each year thereafter. The Minnesota Initiative Foundations must use grant money under this section to:

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

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

(3) provide locally based training and technical assistance to rural business owners individually or through a learning cohort. Access to financial and business development assistance must prepare child care businesses for quality engagement and improvement by

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

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

(q) $8,000,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. Notwithstanding Minnesota Statutes, section 116J.8748, money appropriated for the job creation fund may be used for redevelopment under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner.

(r) $12,370,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until expended.

Notwithstanding Minnesota Statutes, section 116J.8731, money appropriated to the commissioner for the Minnesota investment fund may be used for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761, at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(s) $4,246,000 each year is for the redevelopment program under Minnesota Statutes, sections 116J.575 and 116J.5761. The base for this appropriation is $2,246,000 in fiscal year 2026 and each year thereafter. This appropriation is available until expended.

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

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

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

(w) $500,000 ~~each~~ the first year is for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2027. This is a onetime appropriation.

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

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

(z) $47,475,000 each year is for the PROMISE grant program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) $475,000 each year is for administration of the PROMISE grant program;

(2) $7,500,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota. Of this amount, $600,000 each year is for grants to businesses with less than $100,000 in revenue in the prior year; and

(3) $39,500,000 each year is for grants to the Neighborhood Development Center. Of this amount, the following amounts are designated for the following areas:

(i) $16,000,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods. Of this amount, $1,000,000 each year is for grants to businesses with less than $100,000 in revenue in the prior year;

(ii) $13,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors. Of this amount, $750,000 each year is for grants to businesses with less than $100,000 in revenue in the prior year; and

(iii) $10,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods. Of this amount, $750,000 each year is for grants to businesses with less than $100,000 in revenue in the prior year.

(aa) $15,150,000 each year is for the PROMISE loan program. This is a onetime appropriation and is available until June 30, 2027. Of this amount:

(1) $150,000 each year is for administration of the PROMISE loan program;

(2) $3,000,000 each year is for grants in equal amounts to each of the Minnesota Initiative Foundations to serve businesses in greater Minnesota; and

(3) $12,000,000 each year is for grants to the Metropolitan Economic Development

Association (MEDA). Of this amount, the following amounts are designated for the following areas:

(i) $4,500,000 each year is for North Minneapolis' West Broadway, Camden, or other Northside neighborhoods;

(ii) $4,500,000 each year is for South Minneapolis' Lake Street, 38th and Chicago, Franklin, Nicollet, and Riverside corridors; and

(iii) $3,000,000 each year is for St. Paul's University Avenue, Midway, Eastside, or other St. Paul neighborhoods.

(bb) $1,500,000 each year is for a grant to the Metropolitan Consortium of Community Developers for the community wealth-building grant program pilot project. Of this amount, up to two percent is for administration and monitoring of the community wealth-building grant program pilot project. This is a onetime appropriation.

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

(dd) $5,000,000 the first year is for a grant to the Bloomington Port Authority to provide funding for the Expo 2027 host organization. The Bloomington Port Authority must enter into an agreement with the host organization over the use of money, which may be used for activities, including but not limited to finalizing the community dossier and staffing the host organization and for infrastructure design and planning, financial modeling, development planning and coordination of both real estate and public private partnerships, and reimbursement of costs the Bloomington Port Authority incurred. In selecting vendors and exhibitors for Expo 2027, the host organization shall prioritize outreach to, collaboration with, and inclusion of businesses that are majority owned by people of color, women, and people with disabilities. The host organization and Bloomington Port Authority may be reimbursed for expenses 90 days prior to encumbrance. This appropriation is contingent on approval of the project by the Bureau International des Expositions. If the project is not approved by the Bureau International des Expositions, the money shall transfer to the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ee) $5,000,000 the first year is for a grant to the Neighborhood Development Center for small business programs, including training, lending, business services, and real estate programming; small business incubator development in the Twin Cities and outside the seven-county metropolitan area; and technical assistance activities for partners outside the seven-county metropolitan area; and for high-risk, character-based loan capital for nonrecourse loans. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(ff) $5,000,000 the first year is for transfer to the emerging developer fund account in the special revenue fund. Of this amount, up to five percent is for administration and monitoring of the emerging developer fund program under Minnesota Statutes, section 116J.9926, and the remainder is for a grant to the Local Initiatives Support Corporation - Twin Cities to serve as a partner organization under the program. This is a onetime appropriation.

(gg) $5,000,000 the first year is for the Canadian border counties economic relief program under article 5. Of this amount, up to $1,000,000 is for Tribal economic development and $2,100,000 is for a grant to Lake of the Woods County for the forgivable loan program for remote recreational businesses. This is a onetime appropriation and is available until June 30, 2026.

(hh) $1,000,000 each year is for a grant to African Economic Development Solutions. This is a onetime appropriation and is available until June 30, 2026. Of this amount:

(1) $500,000 each year is for a loan fund that must address pervasive economic inequities by supporting business ventures of entrepreneurs in the African immigrant community; and

(2) $250,000 each year is for workforce development and technical assistance, including but not limited to business development, entrepreneur training, business technical assistance, loan packing, and community development services.

(ii) $1,500,000 each year is for a grant to the Latino Economic Development Center. This is a onetime appropriation and is available until June 30, 2025. Of this amount:

(1) $750,000 each year is to assist, support, finance, and launch microentrepreneurs by delivering training, workshops, and one-on-one consultations to businesses; and

(2) $750,000 each year is to guide prospective entrepreneurs in their start-up process by introducing them to key business concepts, including business start-up readiness. Grant proceeds must be used to offer workshops on a variety of topics throughout the year, including finance, customer service, food-handler training, and food-safety certification. Grant proceeds may also be used to provide lending to business startups.

(jj) $627,000 the first year is for a grant to Community and Economic Development Associates (CEDA) to provide funding for economic development technical assistance and economic development project grants to small communities across rural Minnesota and for CEDA to design, implement, market, and administer specific types of basic community and economic development programs tailored to individual community needs. Technical assistance grants shall be based on need and given to communities that are otherwise unable to afford these services. Of the amount appropriated, up to $270,000 may be used for economic development project implementation in conjunction with the technical assistance received. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year.

(kk) $2,000,000 the first year is for a grant to WomenVenture to:

(1) support child care providers through business training and shared services programs and to create materials that could be used, free of charge, for start-up, expansion, and operation of child care businesses statewide, with the goal of helping new and existing child care businesses in underserved areas of the state become profitable and sustainable; and

(2) support business expansion for women food entrepreneurs throughout Minnesota's food supply chain to help stabilize and strengthen their business operations, create distribution networks, offer technical assistance and support to beginning women food entrepreneurs, develop business plans, develop a workforce, research expansion strategies, and for other related activities.

Eligible uses of the money include but are not limited to:

(i) leasehold improvements;

(ii) additions, alterations, remodeling, or renovations to rented space;

(iii) inventory or supplies;

(iv) machinery or equipment purchases;

(v) working capital; and

(vi) debt refinancing.

Money distributed to entrepreneurs may be loans, forgivable loans, and grants. Of this amount, up to five percent may be used for the WomenVenture's technical assistance and administrative costs. This is a onetime appropriation and is available until June 30, 2026.

By December 15, 2026, WomenVenture must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture and employment and economic development. The report must include a summary of the uses of the appropriation, including the amount of the appropriation used for administration. The report must also provide a breakdown of the amount of funding used for loans, forgivable loans, and grants; information about the terms of the loans issued; a discussion of how money from repaid loans will be used; the number of entrepreneurs assisted; and a breakdown of how many entrepreneurs received assistance in each county.

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

(mm) $5,000,000 the first year is for a grant to the African Development Center to provide loans to purchase commercial real estate and to expand organizational infrastructure. This appropriation is available until June 30, 2025. Of this amount:

(1) $2,800,000 is for loans to purchase commercial real estate targeted at African immigrant small business owners;

(2) $364,000 is for loan loss reserves to support loan volume growth and attract additional capital;

(3) $836,000 is for increasing organizational capacity;

(4) $300,000 is for the safe 2 eat project of inclusive assistance with required restaurant licensing examinations; and

(5) $700,000 is for a center for community resources for language and technology assistance for small businesses.

(nn) $7,000,000 the first year is for grants to the Minnesota Initiative Foundations to capitalize their revolving loan funds, which address unmet financing needs of for-profit business start-ups, expansions, and ownership transitions; nonprofit organizations; and developers of housing to support the construction, rehabilitation, and conversion of housing units. Of the amount appropriated:

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

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

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

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

(5) $2,000,000 is for a grant to the Initiative Foundation of which $1,000,000 is for

redevelopment of the St. Cloud Youth and Family Center; and

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

(oo) $500,000 each year is for a grant to Enterprise Minnesota, Inc., to reach and deliver talent, leadership, employee retention, continuous improvement, strategy, quality management systems, revenue growth, and manufacturing peer-to-peer advisory services to small manufacturing companies employing 35 or fewer full-time equivalent employees. This is a onetime appropriation. No later than February 1, 2025, and February 1, 2026, Enterprise Minnesota, Inc., must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development that includes:

(1) the grants awarded during the past 12 months;

(2) the estimated financial impact of the grants awarded to each company receiving services under the program;

(3) the actual financial impact of grants awarded during the past 24 months; and

(4) the total amount of federal funds leveraged from the Manufacturing Extension Partnership at the United States Department of Commerce.

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

(1) at least 33.3 percent to businesses owned by members of racial minority communities; and

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

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

(rr) $5,000,000 the first year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services to minority-owned businesses. This is a onetime appropriation. Any unencumbered balance remaining at the end of the first year does not cancel but is available the second year. Of this amount:

(1) $3,000,000 is for a revolving loan fund to provide additional minority-owned businesses with access to capital; and

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

By February 1, 2025, MEDA shall report to the commissioner and the chairs and ranking minority members of the legislative committees with jurisdiction over economic development policy and finance on the loans and operating support activities, including outcomes and expenditures, supported by the appropriation under this paragraph.

(ss) $2,500,000 each year is for a grant to a Minnesota-based automotive component manufacturer and distributor specializing in electric vehicles and sensor technology that manufactures all of their parts onshore to expand their manufacturing. The grant recipient under this paragraph shall submit reports on the uses of the money appropriated, the number of jobs created due to the appropriation, wage information, and the city and state in which the additional manufacturing activity was located to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development. An initial report shall be submitted by December 15, 2023, and a final report is due by December 15, 2025. This is a onetime appropriation.

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

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

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

(vv) $250,000 the first year is for a grant to LatinoLEAD for organizational capacity-building.

(ww) $80,000 the first year is for a grant to the Neighborhood Development Center for small business competitive grants to software companies working to improve employee engagement and workplace culture and to reduce turnover.

(xx)(1) $3,000,000 in the first year is for a grant to the Center for Economic Inclusion for strategic, data-informed investments in job creation strategies that respond to the needs of underserved populations statewide. This may include forgivable loans, revenue-based financing, and equity investments for entrepreneurs with barriers to growth. Of this amount, up to five percent may be used for the center's technical assistance and administrative costs. This appropriation is available until June 30, 2025.

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

(yy) $500,000 ~~each~~ the first year is for a grant to the Asian Economic Development Association for asset building and financial empowerment for entrepreneurs and small business owners, small business development and technical assistance, and cultural placemaking. This is a onetime appropriation.

(zz) $500,000 each year is for a grant to Isuroon to support primarily African immigrant women with entrepreneurial training to start, manage, and grow self-sustaining microbusinesses, develop incubator space for these businesses, and provide support with financial and language literacy, systems navigation to eliminate capital access disparities, marketing, and other technical assistance. This is a onetime appropriation.

Sec. 3. Laws 2023, chapter 53, article 20, section 3, is amended to read:

| | | | | |
|---|---|---|---|---|
| Sec. 3. **EXPLORE MINNESOTA TOURISM** | $ | **~~40,954,000~~** **40,554,000** | $ | **21,369,000** |

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

(b) $11,000,000 the first year is for the development of Explore Minnesota for Business under Minnesota Statutes, section 116U.07, to market the overall livability and economic opportunities of Minnesota. This is a onetime appropriation.

(c) $5,500,000 each year is for the development of new initiatives for Explore Minnesota Tourism. If the amount in the first year is insufficient, the amount in the second year is available in the first year. This is a onetime appropriation.

(d) ~~$6,047,000~~ $5,647,000 the first year and $600,000 the second year is for grants for infrastructure and associated costs for cultural festivals and events, including but not limited to buildout, permits, sanitation and maintenance services, transportation, staffing, event programming, public safety, facilities and equipment rentals, signage, and insurance. This is a onetime appropriation. Of this amount:

(1) $1,847,000 the first year is for a grant to the Minneapolis Downtown Council for the Taste of Minnesota event;

(2) $1,200,000 the first year is for a grant to the Stairstep Foundation for African American cultural festivals and events;

(3) ~~$1,200,000~~ $800,000 the first year is for grants for Somali community and cultural festivals and events, including festivals and events in greater Minnesota, as follows:

(i) $400,000 is for a grant to Ka Joog; and

(ii) $400,000 is for a grant to the Somali Museum of Minnesota; ~~and~~

~~(iii) $400,000 is for a grant to ESHARA;~~

(4) $1,200,000 the first year is for a grant to West Side Boosters for Latino cultural festivals and events; and

(5) $600,000 the first year and $600,000 the second year are for grants to the United Hmong Family, Inc. for the Hmong International Freedom Festival event.

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

(f) The base for Explore Minnesota is $17,023,000 from the general fund in fiscal year 2026 and each year thereafter.

Sec. 4. **APPROPRIATIONS.**

Subdivision 1. **Department of Employment and Economic Development.** $6,797,000 in fiscal year 2025 is appropriated from the general fund to the commissioner of employment and economic development. This appropriation is onetime and in addition to the amounts appropriated in Laws 2023, chapter 53. Of this amount:

(1) $500,000 is for a grant to the Asian Economic Development Association for asset building and financial empowerment for entrepreneurs and small business owners, small

business development and technical assistance, and cultural placemaking. This amount is available until June 30, 2027;

(2) $497,000 is for a grant to Propel Nonprofits for a microloan capital program to provide assistance to organizations that primarily serve historically underserved communities, including loans, forgivable loans, grants for working capital or regranting, and real estate and technical assistance. Up to five percent of this amount may be used by the grantee for administrative costs;

(3) $1,000,000 is for a grant to the New American Development Center to provide small businesses and entrepreneurs with technical assistance, financial education, training, and lending and to build the grantee's capacity;

(4) $1,000,000 is for a grant to the Entrepreneur Fund to capitalize their revolving loan funds to address unmet financing needs in northeast Minnesota of for-profit business startups, expansions, and ownership transitions;

(5) $500,000 is for a grant to the Coalition of Asian American Leaders to support outreach, training, technical assistance, peer network development, and direct financial assistance for Asian Minnesotan women entrepreneurs. This amount is available until June 30, 2026;

(6) $300,000 is for a grant to Fortis Capital for a revolving loan fund to provide risk-mitigating capital for commercial development activities in underserved communities and to entrepreneurs from disadvantaged groups statewide. This amount is available until expended and up to ten percent of the amount may be used for administrative costs;

(7) $500,000 is for a grant to Arrowhead Economic Opportunity Agency to develop a new service center; and

(8) $2,500,000 is for Launch Minnesota and is available until June 30, 2027. Of this amount:

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

(ii) $500,000 is for administration of Launch Minnesota; and

(iii) $500,000 is for grantee activities at Launch Minnesota.

Subd. 2. **Explore Minnesota.** $3,425,000 in fiscal year 2025 is appropriated from the general fund to Explore Minnesota. This appropriation is in addition to the amounts appropriated in Laws 2023, chapter 53, and, except as otherwise specified, is onetime. Of this amount:

(1) $725,000 is for Explore Minnesota Film. The base for this appropriation is $525,000 in fiscal year 2026 and $525,000 in fiscal year 2027;

(2) $300,000 is for Explore Minnesota Film for the film production jobs program under Minnesota Statutes, section 116U.26. The base for this appropriation is $300,000 in fiscal year 2026 and $300,000 in fiscal year 2027;

(3) $400,000 is for a grant to Ka Joog for Somali community and cultural festivals and events, including festivals and events in greater Minnesota;

(4) $1,000,000 is for a grant to Minnesota Sports and Events for the World Junior Hockey Championships; and

(5) $1,000,000 is for a grant to 2026 Special Olympics USA Games. This amount is available until June 30, 2027.

Sec. 5. **CANCELLATIONS OF PRIOR APPROPRIATIONS.**

The $5,000,000 fiscal year 2024 appropriation from the general fund in Laws 2023, chapter 53, article 20, section 2, subdivision 2, paragraph (dd), is canceled.

## ARTICLE 2
## ECONOMIC DEVELOPMENT POLICY

Section 1. Minnesota Statutes 2022, section 116J.435, subdivision 3, is amended to read:

Subd. 3. **Grant program established.** (a) The commissioner shall make ~~competitive~~ grants to local governmental units to acquire and prepare land on which public infrastructure required to support an eligible project will be located~~, including demolition of structures and remediation of any hazardous conditions on the land, or to predesign, design, acquire,~~ and to construct, furnish, and equip public infrastructure required to support an eligible project. The local governmental unit receiving a grant must provide for the remainder of the public infrastructure costs from other sources. ~~The commissioner may waive the requirements related to an eligible project under subdivision 2 if a project would be eligible under this section but for the fact that its location requires infrastructure improvements to residential development.~~

(b) The amount of a grant may not exceed ~~the lesser of the cost of the public infrastructure or~~ 50 percent of the sum of the cost of the public infrastructure ~~plus the cost of the completed eligible~~ project.

(c) The purpose of the program is to keep or enhance jobs in the area, increase the tax base, or to expand or create new economic development through the growth of new innovative businesses and organizations.

Sec. 2. Minnesota Statutes 2022, section 116J.435, subdivision 4, is amended to read:

Subd. 4. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a local governmental unit must include ~~the following information~~ in its application a resolution certifying that the money required to be supplied by the local governmental unit to complete the public infrastructure project is available and committed. The commissioner must evaluate complete applications for eligible projects using the following criteria:

(1) ~~a resolution of its governing body certifying that the money required to be supplied by the local governmental unit to complete the public infrastructure is available and committed~~ the project is an eligible project as defined under subdivision 2;

(2) ~~a detailed estimate, along with necessary supporting evidence, of the total development costs for the public infrastructure and eligible project~~ the project is expected to result in or will attract substantial public and private capital investment and provide substantial economic benefit to the county or city in which the project would be located;

(3) ~~an assessment of the potential or likely use of the site for innovative business activities after completion of the public infrastructure and eligible project~~ the project is not relocating substantially the same operation from another location in the state, unless the commissioner determines the project cannot be reasonably accommodated within the county or city in which the business is currently located, or the business would otherwise relocate to another state; and

(4) ~~a timeline indicating the major milestones of the public infrastructure and eligible project and their anticipated completion dates;~~ the project is expected to create or retain full-time jobs.

~~(5) a commitment from the governing body to repay the grant if the milestones are not realized by the completion date identified in clause (4); and~~

~~(6) any additional information or material the commissioner prescribes.~~

(b) The determination of whether to make a grant ~~under subdivision 3~~ for a site is within the discretion of the commissioner, subject to this section. The commissioner's decisions and application of the ~~priorities~~ criteria are not subject to judicial review, except for abuse of discretion.

Sec. 3. Minnesota Statutes 2022, section 116J.5492, subdivision 2, is amended to read:

Subd. 2. **Membership.** (a) The advisory committee consists of 18 voting members and eight ex officio nonvoting members.

(b) The voting members of the advisory committee are appointed by the commissioner of employment and economic development, except as specified below:

(1) two members of the senate, one appointed by the majority leader of the senate and one appointed by the minority leader of the senate;

(2) two members of the house of representatives, one appointed by the speaker of the house of representatives and one appointed by the minority leader of the house of representatives;

(3) one representative of the Prairie Island Indian community;

(4) four representatives of impacted communities, of which two must represent counties and two must represent municipalities, and, to the extent possible, of the impacted facilities in those communities, at least one must be a coal plant, at least one must be a nuclear plant, and at least one must be a natural gas plant;

(5) three representatives of impacted workers at impacted facilities;

(6) one representative of impacted workers employed by companies that, under contract, regularly perform construction, maintenance, or repair work at an impacted facility;

(7) one representative with professional economic development or workforce retraining experience;

(8) two representatives of utilities that operate an impacted facility;

(9) one representative from a nonprofit organization with expertise and experience delivering energy efficiency and conservation programs; ~~and~~

(10) one representative of a school district facing revenue loss due to energy transition; and

~~(10)~~ (11) one representative from the Coalition of Utility Cities.

(c) The ex officio nonvoting members of the advisory committee consist of:

(1) the governor or the governor's designee;

(2) the commissioner of employment and economic development or the commissioner's designee;

(3) the commissioner of commerce or the commissioner's designee;

(4) the commissioner of labor and industry or the commissioner's designee;

(5) the commissioner of revenue or the commissioner's designee;

(6) the executive secretary of the Public Utilities Commission or the secretary's designee;

(7) the commissioner of the Pollution Control Agency or the commissioner's designee; and

(8) the chancellor of the Minnesota State Colleges and Universities or the chancellor's designee.

Sec. 4. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 1, is amended to read:

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

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

(c) "Partner organizations" or "partners" means:

(1) nonprofit organizations or public entities, including higher education institutions, engaged in business development or economic development;

(2) community development financial institutions; ~~or~~

(3) community development corporations; and

(4) Tribal economic development entities.

(d) "Small business" has the meaning given in section 3 of the Small Business Act, United States Code, title 15, section 632.

(e) "Underserved populations and geographies" means individuals who are Black, Indigenous, people of color, veterans, people with disabilities, people who are LGBTQ+, and low-income individuals and includes people from rural Minnesota.

Sec. 5. Minnesota Statutes 2023 Supplement, section 116J.682, subdivision 3, is amended to read:

Subd. 3. **Small business assistance partnerships grants.** (a) The commissioner shall make small business assistance partnerships grants to local and regional community-based organizations to provide small business development and technical assistance services to entrepreneurs and small business owners. The commissioner must prioritize applications that provide services to underserved populations and geographies.

(b) Grantees shall use the grant funds to provide high-quality, free ~~or low-cost~~ professional business development and technical assistance services that support the start-up, growth, and success of Minnesota's entrepreneurs and small business owners.

(c) Grantees may use up to 15 percent of grant funds for expenses incurred while administering the grant, including but not limited to expenses related to technology, utilities, legal services, training, accounting, insurance, financial management, benefits, reporting, servicing of loans, and audits.

Sec. 6. Minnesota Statutes 2023 Supplement, section 116J.8733, is amended to read:

**116J.8733 MINNESOTA EXPANDING OPPORTUNITY FUND PROGRAM.**

Subdivision 1. **Establishment.** The Minnesota Expanding Opportunity Fund Program is established to capitalize Minnesota nonprofit corporations, Tribal economic development entities, and community development financial institutions to increase lending activities with Minnesota small businesses.

Subd. 2. **Long-term loans.** The department may make long-term loans of ten to 12 years at 0.5 percent or lower interest rates to nonprofit corporations, Tribal economic development entities, and community development financial institutions to enable nonprofit corporations, Tribal economic development entities, and community development financial institutions to make more loans to Minnesota small businesses. The department may use the interest received to offset the cost of administering small business lending programs.

Subd. 3. **Loan eligibility~~; nonprofit corporation~~.** (a) The eligible nonprofit corporation, Tribal economic development entity, or community development financial institution must not meet the definition of recipient under section 116J.993, subdivision 6.

(b) The commissioner may enter into loan agreements with Minnesota nonprofit corporations, Tribal economic development entities, and community development financial institutions that apply to participate in the Minnesota Expanding Opportunity Fund Program. The commissioner shall evaluate applications from applicant nonprofit corporations, Tribal economic development entities, and community development financial institutions. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation, Tribal economic development entity, or community development financial institution:

(1) meets the statutory definition of a community development financial institution as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994, United States Code, title 12, section 4702;

(2) has a board of directors or loan or credit committee that includes citizens experienced in small business services and community development;

(3) has the technical skills to analyze small business loan requests;

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

(5) is enrolled in one or more eligible federally funded state programs; and

(6) has the administrative capacity to manage a loan portfolio.

Subd. 4. **Revolving loan fund.** (a) The commissioner shall establish a revolving loan fund to make loans to nonprofit corporations, Tribal economic development entities, and community development financial institutions for the purpose of increasing nonprofit corporation, Tribal economic development entity, and community development financial institution capital and lending activities with Minnesota small businesses.

(b) Nonprofit corporations, Tribal economic development entities, and community development financial institutions that receive loans from the commissioner under the program must establish appropriate accounting practices for the purpose of tracking eligible loans.

Subd. 5. **Loan portfolio administration.** (a) The fee or interest rate charged by a nonprofit corporation, Tribal economic development entity, or community development financial institution for a loan under this subdivision must not exceed ~~the Wall Street Journal prime rate plus two~~ ten percent. A nonprofit corporation, Tribal economic development entity, or community development financial institution participating in the Minnesota Expanding Opportunity Fund Program may charge a loan closing fee equal to or less than ~~two~~ one percent of the loan value.

(b) The nonprofit corporation, Tribal economic development entity, or community development financial institution may retain all earnings from fees and interest from loans to small businesses.

(c) The department must provide the nonprofit corporation, Tribal economic development entity, or community development financial institution making the loan with a fee equal to one percent of the loan value for every loan closed to offset related expenses for loan processing, loan servicing, legal filings, and reporting.

Subd. 6. **Cooperation.** A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan shall cooperate with other organizations, including but not limited to community development corporations, community action agencies, and the Minnesota small business development centers.

Subd. 7. **Reporting requirements.** (a) A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan must submit an annual report to the commissioner by February 15 of each year that includes:

(1) the number of businesses to which a loan was made;

(2) a description of businesses supported by the program;

(3) demographic information, as specified by the commissioner, regarding each borrower;

(4) an account of loans made during the calendar year;

(5) the program's impact on job creation and retention;

(6) the source and amount of money collected and distributed by the program;

(7) the program's assets and liabilities; and

(8) an explanation of administrative expenses.

(b) A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program loan must provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the commissioner.

Sec. 7. Minnesota Statutes 2023 Supplement, section 116J.8751, is amended by adding a subdivision to read:

Subd. 10. **Expiration.** This section expires June 30, 2027.

Sec. 8. Minnesota Statutes 2022, section 116M.18, is amended to read:

**116M.18 MINNESOTA EMERGING ENTREPRENEUR PROGRAM.**

Subdivision 1. **Establishment.** The Minnesota emerging entrepreneur program is established to award grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities.

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan area as in the nonmetropolitan area. After March 31 of each fiscal year, the department may allow loans to be made anywhere in the state without regard to geographic area.

Subd. 1b. **Grants.** The department shall make grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities to encourage private investment, to provide jobs for minority and low-income persons, to create and strengthen minority business enterprises, and to promote economic development in a low-income area.

Subd. 2. **Grant eligibility~~; nonprofit corporation~~.** (a) The department may enter into agreements with nonprofit corporations, Tribal economic development entities, and community development financial institutions to fund loans the nonprofit corporation, Tribal economic development entity, or community development financial institution makes to businesses owned by minority or low-income persons, women, veterans, or people with disabilities. The department shall evaluate applications from nonprofit corporations, Tribal economic development entities, and community development financial institutions. In evaluating applications, the department must consider, among other things, whether the nonprofit corporation, Tribal economic development entity, or community development financial institution:

(1) has a board of directors that includes citizens experienced in business and community development, minority business enterprises, addressing racial income disparities, and creating jobs for low-income and minority persons;

(2) has the technical skills to analyze projects;

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

(4) can initiate and implement economic development projects;

(5) can establish and administer a revolving loan account or has operated a revolving loan account;

(6) can work with job referral networks which assist minority and low-income persons; and

(7) has established relationships with minority communities.

(b) The department shall review existing agreements with nonprofit corporations, Tribal economic development entities, and community development financial institutions every five years and may renew or terminate the agreement based on the review. In making its review, the department shall consider, among other criteria, the criteria in paragraph (a). The department shall open the program to new applicants every two years.

Subd. 3. **Revolving loan fund.** (a) The department shall establish a revolving loan fund to make grants to nonprofit corporations, Tribal economic development entities, and community development financial institutions for the purpose of making loans to businesses owned by minority or low-income persons, women, veterans, or people with disabilities, and to support minority business enterprises and job creation for minority and low-income persons.

(b) Nonprofit corporations, Tribal economic development entities, and community development financial institutions that receive grants from the department under the program must establish a commissioner-certified revolving loan fund for the purpose of making eligible loans.

(c) Eligible business enterprises include, but are not limited to, technologically innovative industries, value-added manufacturing, and information industries.

(d) Loan applications given preliminary approval by the nonprofit corporation, Tribal economic development entity, or community development financial institution must be forwarded to the department ~~for approval~~. ~~The commissioner must give final approval for each loan made by the nonprofit corporation.~~ Nonprofit corporations, Tribal economic development entities, and community development financial institutions designated as preferred partners do not need final approval by the commissioner. All other loans must be approved by the commissioner and the commissioner must make approval decisions within 20 days of receiving a loan application unless the application contains insufficient information to make an approval decision. The amount of the state funds contributed to any loan may not exceed 50 percent of each loan. The commissioner must develop the criteria necessary to receive loan forgiveness.

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made by nonprofit corporations, Tribal economic development entities, and community development financial institutions under the program.

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the program.

(c) A loan must be used to support a business owned by a minority or a low-income person, woman, veteran, or a person with disabilities. Priority must be given for loans to the lowest income areas.

(d) The minimum state contribution to a loan is $5,000 and the maximum is $150,000.

(e) The state contribution must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority and low-income applicants.

(h) Up to ten percent of a loan's principal amount may be forgiven if ~~the department approves and~~ the borrower has met lender and agency criteria, including being current with all payments, for at least two years. The commissioner must develop the criteria for receiving loan forgiveness.

Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of $5,000 and a maximum of ~~$35,000~~ $40,000;

(3) in a low-income area, they may be made for a minimum of $5,000 and a maximum of ~~$50,000~~ $55,000; and

(4) they do not require a match.

(b) Up to ten percent of a loan's principal amount may be forgiven if ~~the department approves and~~ the borrower has met lender criteria, including being current with all payments, for at least two years.

Subd. 5. **Revolving fund administration.** (a) The department shall establish a minimum interest rate or fee for loans or guarantees to ensure that necessary loan administration costs are covered. The interest rate charged by a nonprofit corporation, Tribal economic development entity, or community development financial institution for a loan under this subdivision must not exceed the Wall Street Journal prime rate plus ~~four~~ two percent, with a maximum rate of ten percent. For a loan under this subdivision, the nonprofit corporation, Tribal economic development entity, or community development financial institution may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation, Tribal economic development entity, or community development financial institution may retain the amount of the origination fee.

(b) Loan repayment of principal must be paid to the department for deposit in the revolving loan fund. Loan interest payments must be deposited in a revolving loan fund created by the nonprofit corporation, Tribal economic development entity, or community development financial institution originating the loan being repaid for further distribution or use, consistent with the criteria of this section.

(c) Administrative expenses of the nonprofit corporations, Tribal economic development entities, and community development financial institutions with whom the department enters into agreements, including expenses incurred by a nonprofit corporation, Tribal economic development entity, or community development financial institution in providing financial, technical, managerial, and marketing assistance to a business enterprise receiving a loan under subdivision 4, may be paid out of the interest earned on loans and out of interest earned on money invested by the state Board of Investment under section 116M.16, subdivision 2, as may be provided by the department.

(d) The department must provide the nonprofit corporation, Tribal economic development entity, or community development financial institution making the loan with a fee equal to one percent of the loan value for every loan closed to offset related expenses for loan processing, loan servicing, legal filings, and reporting.

Subd. 7. **Cooperation.** A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program grant shall cooperate with other organizations, including but not limited to, community development corporations, community action agencies, and the Minnesota small business development centers.

Subd. 8. **Reporting requirements.** A nonprofit corporation, Tribal economic development entity, or community development financial institution that receives a program grant shall:

(1) submit an annual report to the department by February 15 of each year that includes a description of businesses supported by the grant program, an account of loans made during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the department.

Subd. 9. **Small business emergency loan account.** The small business emergency loan account is created as an account in the special revenue fund.

Sec. 9. **[116U.255] EXPLORE MINNESOTA FILM.**

Subdivision 1. **Office established; director.** (a) Explore Minnesota Film is established as an office within Explore Minnesota.

(b) The director of Explore Minnesota shall appoint the director of Explore Minnesota Film. The director of Explore Minnesota Film must be qualified by experience with issues related to film and television production and economic development.

(c) The office may employ staff necessary to carry out the duties required in this section.

Subd. 2. **Duties.** The director of Explore Minnesota Film is authorized to:

(1) administer the film production jobs program and the film production credit program;

(2) promote Minnesota as a location for film and television production;

(3) assist in the establishment and implementation of programs related to film and television production, including but not limited to permitting and workforce development;

(4) improve communication among local, state, federal, and private entities regarding film and television production logistics and best practices;

(5) coordinate the development of statewide policies addressing film and television production; and

(6) act as a liaison to production entities, workers, and state agencies.

Sec. 10. Minnesota Statutes 2022, section 116U.26, is amended to read:

**116U.26 FILM PRODUCTION JOBS PROGRAM.**

(a) The film production jobs program is created. The program shall be operated by ~~the Minnesota Film and TV Board~~ Explore Minnesota Film with administrative oversight and control by the ~~commissioner of employment and economic development~~ director of Explore Minnesota. The program shall make payment to producers of feature films, national television or Internet programs, documentaries, music videos, and commercials that directly create new film jobs in Minnesota. To be eligible for a payment, a producer must submit documentation to ~~the Minnesota Film and TV Board~~ Explore Minnesota Film of expenditures for production costs incurred in Minnesota that are directly attributable to the production in Minnesota of a film product.

~~The Minnesota Film and TV Board~~ Explore Minnesota Film shall make recommendations to the ~~commissioner of employment and economic development~~ director of Explore Minnesota about program payment, but the ~~commissioner~~ director has the authority to make the final determination on payments. The ~~commissioner's~~ director's determination must be based on proper documentation of eligible production costs submitted for payments. No more than five percent of the funds appropriated for the program in any year may be expended for administration, including costs for independent audits and financial reviews of projects.

(b) For the purposes of this section:

(1) "production costs" means the cost of the following:

(i) a story and scenario to be used for a film;

(ii) salaries of talent, management, and labor, including payments to personal services corporations for the services of a performing artist;

(iii) set construction and operations, wardrobe, accessories, and related services;

(iv) photography, sound synchronization, lighting, and related services;

(v) editing and related services;

(vi) rental of facilities and equipment;

(vii) other direct costs of producing the film in accordance with generally accepted entertainment industry practice;

(viii) above-the-line talent fees for nonresident talent; or

(ix) costs incurred during postproduction; and

(2) "film" means a feature film, television or Internet pilot, program, series, documentary, music video, or television commercial, whether on film, video, or digital media. Film does not include news, current events, public programming, or a program that includes weather or market reports; a talk show; a production with respect to a questionnaire or contest; a sports event or sports activity; a gala presentation or awards show; a finished production that solicits funds; or a production for which the production company is required under United States Code, title 18, section 2257, to maintain records with respect to a performer portrayed in a single-media or multimedia program.

(c) Notwithstanding any other law to the contrary, ~~the Minnesota Film and TV Board~~ Explore Minnesota Film may make reimbursements of: (1) up to 25 percent of production costs for films that locate production outside the metropolitan area, as defined in section 473.121, subdivision 2, or that incur a minimum Minnesota expenditure of $1,000,000 in the metropolitan area within a 12-month period; or (2) up to 20 percent of production costs for films that incur less than $1,000,000 in Minnesota production costs in the metropolitan area within a 12-month period.

Sec. 11. Minnesota Statutes 2023 Supplement, section 116U.27, subdivision 1, is amended to read:

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

(b) "Allocation certificate" means a certificate issued by the commissioner to a taxpayer upon receipt and approval of an initial application for a credit for a project that has not yet been completed.

(c) "Application" means the application for a credit under subdivision 4.

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

~~(e)~~ (d) "Credit certificate" means a certificate issued by the commissioner upon receipt and approval of the cost verification report in subdivision 4, paragraph (e).

(e) "Director" means the director of Explore Minnesota.

(f) "Eligible production costs" means eligible production costs as defined in section 116U.26, paragraph (b), clause (1), incurred in Minnesota that are directly attributable to the production of a film project in Minnesota.

(g) "Film" has the meaning given in section 116U.26, paragraph (b), clause (2).

(h) "Project" means a film:

(1) that includes the promotion of Minnesota;

(2) for which the taxpayer has expended at least $1,000,000 in any consecutive 12-month period beginning after expenditures are first paid in Minnesota for eligible production costs; and

(3) to the extent practicable, that employs Minnesota residents.

Television commercials are exempt from the requirement under clause (1).

(i) "Promotion of Minnesota" or "promotion" means visible display of a static or animated logo, approved by the ~~commissioner and lasting approximately five seconds~~ director, that promotes Minnesota within its presentation in the end credits ~~before the below-the-line crew crawl~~ for the life of the project.

Sec. 12. Minnesota Statutes 2023 Supplement, section 116U.27, subdivision 4, is amended to read:

Subd. 4. **Applications; allocations.** (a) To qualify for a credit under this section, a taxpayer must submit to the ~~commissioner~~ director an application for a credit in the form prescribed by the ~~commissioner~~ director, in consultation with the commissioner of revenue.

(b) Upon approving an application for a credit that meets the requirements of this section, the ~~commissioner~~ director shall issue allocation certificates that:

(1) verify eligibility for the credit;

(2) state the amount of credit anticipated for the eligible project, with the credit amount up to 25 percent of eligible project costs; and

(3) state the taxable year in which the credit is allocated.

~~The commissioner must consult with the Minnesota Film and TV Board prior to issuing an allocation certificate.~~

(c) The ~~commissioner~~ director must not issue allocation certificates for more than $24,950,000 of credits each year. If the entire amount is not allocated in that taxable year, any remaining amount is available for allocation for the four following taxable years until the entire allocation has been made. The ~~commissioner~~ director must not award any credits for taxable years beginning after December 31, 2030, and any unallocated amounts cancel on that date.

(d) The ~~commissioner~~ director must allocate credits on a first-come, first-served basis.

(e) Upon completion of a project, the taxpayer shall submit to the ~~commissioner~~ director a report prepared by an independent certified public accountant licensed in the state of Minnesota to verify the amount of eligible production costs related to the project. The report must be prepared in accordance with generally accepted accounting principles. Upon receipt and approval of the cost verification report and other documents required by the ~~commissioner~~ director, the ~~commissioner~~ director shall determine the final amount of eligible production costs and issue a credit certificate to the taxpayer. The credit may not exceed the anticipated credit amount on the allocation certificate. If the credit is less than the anticipated amount on the allocation credit, the difference is returned to the amount available for allocation under paragraph (c). To claim the credit under section 290.06, subdivision 39, or 297I.20, subdivision 4, a taxpayer must include a copy of the credit certificate as part of the taxpayer's return.

Sec. 13. Minnesota Statutes 2022, section 116U.27, subdivision 5, is amended to read:

Subd. 5. **Report required.** By January 15, 2025, the commissioner of revenue, in consultation with the ~~commissioner~~ director, must provide a report to the chairs and ranking minority members of the legislative committees with jurisdiction over economic development and taxes. The report must comply with sections 3.195 and 3.197, and must detail the following:

(1) the amount of credit certifications issued annually;

(2) the number of applications submitted, the number of allocation certificates issued, the amount of allocation certificates issued, the number of reports submitted upon completion of a project, and the number of credit certificates issued;

(3) the types of projects eligible for the credit;

(4) the total economic impact of the credit in Minnesota, including the calendar year over calendar year percentage changes in the number of jobs held by Minnesota residents in businesses having a primary North American Industry Classification System code of 512110 as reported to the commissioner, for calendar years 2019 through 2023;

(5) the number of taxpayers per tax type which are assignees of credit certificates under subdivision 3;

(6) annual Minnesota taxes paid by businesses having a primary North American Industry Classification System code of 512110, for taxable years beginning after December 31, 2018, and before January 1, 2024; and

(7) any other information the commissioner of revenue, in consultation with the ~~commissioner~~ director, deems necessary for purposes of claiming and administering the credit.

Sec. 14. Minnesota Statutes 2022, section 446A.072, subdivision 5a, is amended to read:

Subd. 5a. **Type and amount of assistance.** (a) For a governmental unit receiving grant funding from the USDA/RECD, the authority may provide assistance in the form of a grant of up to 65 percent of the eligible grant need determined by USDA/RECD. A governmental unit may not receive a grant under this paragraph for more than ~~$5,000,000~~ $10,000,000 per project or $20,000 per existing connection, whichever is less, unless specifically approved by law.

(b) For a governmental unit receiving a loan from the clean water revolving fund under section 446A.07, the authority may provide assistance under this section in the form of a grant if the average annual residential wastewater system cost after completion of the project would otherwise exceed 1.4 percent of the median household income of the project service area. In determining whether the average annual residential wastewater system cost would exceed 1.4 percent, the authority must consider the total costs associated with building, operating, and maintaining the wastewater system, including existing wastewater debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the clean water revolving fund loan under section 446A.07, subdivision 7. The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential wastewater system cost to 1.4 percent of median household income in the project service area, to a maximum of ~~$5,000,000~~ $10,000,000 per project or $20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(c) For a governmental unit receiving a loan from the drinking water revolving fund under section 446A.081, the authority may provide assistance under this section in the form of a grant if the average annual residential drinking water system cost after completion of the project would otherwise exceed 1.2 percent of the median household income of the project service area. In determining whether the average annual residential drinking water system cost would exceed 1.2 percent, the authority must consider the total costs associated with building, operating, and maintaining the drinking water system, including existing drinking water debt service, debt service on the eligible project cost, and operation and maintenance costs. Debt service costs for the proposed project are calculated based on the maximum loan term permitted for the drinking water revolving fund loan under section 446A.081, subdivision 8, paragraph (c). The amount of the grant is equal to 80 percent of the amount needed to reduce the average annual residential drinking water system cost to 1.2 percent of median household income in the project service area, to a maximum of ~~$5,000,000~~ $10,000,000 per project or $20,000 per existing connection, whichever is less, unless specifically approved by law. The eligible project cost is determined by multiplying the total project costs minus any other grants by the essential project component percentage calculated under subdivision 3, paragraph (c), clause (1). In no case may the amount of the grant exceed 80 percent of the eligible project cost.

(d) Notwithstanding the limits in paragraphs (a), (b), and (c), for a governmental unit receiving supplemental assistance under this section after January 1, 2002, if the authority determines that the governmental unit's construction and installation costs are significantly increased due to geological conditions of crystalline bedrock or karst areas and discharge limits that are more stringent than secondary treatment, the maximum award under this section shall not be more than $25,000 per existing connection.

Sec. 15. Minnesota Statutes 2022, section 446A.073, subdivision 1, is amended to read:

Subdivision 1. **Program established.** When money is appropriated for grants under this program, the authority shall award grants up to a maximum of ~~$7,000,000~~ $12,000,000 to governmental units to cover 80 percent of the cost of water infrastructure projects made necessary by:

(1) a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

(2) a phosphorus concentration or mass limit which requires discharging one milligram per liter or less at permitted design flow which is incorporated into a permit issued by the Pollution Control Agency;

(3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution Control Agency that exceeds secondary treatment limits; or

(4) a total nitrogen concentration or mass limit that requires discharging ten milligrams per liter or less at permitted design flow.

Sec. 16. Laws 2023, chapter 53, article 15, section 32, subdivision 6, is amended to read:

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

Sec. 17. Laws 2023, chapter 53, article 15, section 33, subdivision 4, is amended to read:

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

(b) Under the plan:

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

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

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

(4) the fee or interest rate on a loan shall not be higher than ~~the Wall Street Journal prime rate~~ ten percent;

(5) 50 percent of all repayments of principal on a loan under the program shall be used to fund additional related lending. The partner organization may retain the remainder of loan repayments to service loans and provide further technical assistance;

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

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

(8) up to 15 percent of a loan's principal amount may be forgiven by the partner organization if the borrower has met all lending criteria developed by the partner organization and the commissioner, including creating or retaining jobs and being current with all loan payments, for at least two years.

Sec. 18. Laws 2023, chapter 53, article 15, section 33, subdivision 5, is amended to read:

Subd. 5. **Reports.** (a) The partner organization shall submit a report to the commissioner by ~~January~~ December 31 of 2024, 2025, and 2026. The report shall include:

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

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

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

(b) By February 15 of ~~2024,~~ 2025, ~~and~~ 2026, and 2027, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over workforce and economic development on program outcomes, including copies of all reports received under paragraph (a).

Sec. 19. **BROOKLYN PARK BIOTECH INNOVATION DISTRICT.**

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

(b) "Authority" means the Brooklyn Park Economic Development Authority.

(c) "Biotech innovation district" means a geographic area in the city identified in the development plan.

(d) "City" means the city of Brooklyn Park.

(e) "Development plan" means the plan adopted under subdivision 2.

(f) "Project" means a project to implement the development plan.

(g) "Public infrastructure project" means a project financed at least partially with public money to:

(1) acquire or remediate real property, including site improvement;

(2) demolish, repair, or rehabilitate buildings;

(3) install, construct, or reconstruct public infrastructure necessary for the biotech innovation district;

(4) acquire, construct, reconstruct, develop, or equip parking facilities and other transit-related facilities; and

(5) acquire, install, construct, reconstruct, develop, or equip recreational, social, cultural, or tourism facilities.

Subd. 2. **Development plan.** (a) The authority must prepare a plan for the development of a biotech innovation district within the city. At least 60 days prior to a hearing on adopting the proposed development plan, the economic development authority must provide copies of the proposed development plan to the city, which the city must make available to the public in its offices and on the city's website. At least ten days before the hearing, the authority must publish notice of the hearing in a newspaper selected by the city for publication of the notice. At the hearing, the authority may only adopt the plan if it finds that:

(1) the plan provides an outline for the development of the city as a site of biotech innovation;

(2) the plan identifies the location of the proposed biotech innovation district;

(3) the plan is sufficiently complete, including the identification of planned and anticipated projects, to indicate its relationship to definite state and local objectives;

(4) the proposed development affords maximum opportunity, consistent with the needs of the city, county, and state, for the development of the city by private enterprise as a biotech innovation district;

(5) the plan conforms to the general plan for the development of the city and is consistent with the city comprehensive plan;

(6) the city has approved the plan; and

(7) the plan includes:

(i) strategic planning consistent with a biotech innovation district;

(ii) a framework to identify and prioritize short- and long-term public investment and public infrastructure project development and to facilitate private investment and development;

(iii) land use planning;

(iv) multimodal transportation planning;

(v) goals, objectives, and strategies to increase racial equity and to create community wealth for city residents, local businesses, and businesses owned by women and people of color, guided by the city's racial equity principles; and

(vi) ongoing market research plans.

(b) In identifying planned and anticipated projects under paragraph (a), clause (2), the authority must prioritize projects that will pay a wage covering the cost of living for Hennepin County, calculated using the most recent report completed pursuant to Minnesota Statutes, section 116J.013.

(c) The city must adopt the development plan within 60 days following its adoption by the authority and may incorporate the development plan into the city's comprehensive plan. Minnesota Statutes, section 15.99, does not apply to review and approval of the development plan.

(d) The authority may modify the development plan at any time and must modify the plan at least once every five years. To modify the development plan, the authority must follow the same procedures set out in paragraph (a) for the development plan.

(e) When preparing the proposed development plan, the authority must seek input from the community and other partners such as biotech trade associations, the City of Brooklyn Park Planning Commission, the City of Brooklyn Park Community Long-Range Improvement Committee, skilled trades, and other regional partners.

Subd. 3. **Special powers; requirements; limitations.** (a) In implementing the development plan, the city may exercise the powers of a port authority under Minnesota Statutes, sections 469.048 to 469.068.

(b) The city must provide financial and administrative support to the authority and may appropriate city funds to the authority for its work in developing and implementing the development plan.

(c) The city may issue general obligation bonds, revenue bonds, or other obligations to finance the development and implementation of the development project. Debt undertaken pursuant to this paragraph is not subject to the net debt limit in Minnesota Statutes, section 475.53. Approval of the electors is not necessary to issue bonds or other obligations under this paragraph. The city may pledge any of its revenues, including property taxes and state aid issued pursuant to Minnesota Statutes, section 469.47, to the obligations issued pursuant to this paragraph. The city must not issue obligations that are only payable from or secured by state aid issued pursuant to Minnesota Statutes, section 469.47.

(d) Notwithstanding Minnesota Statutes, section 469.068, the city and its authority need not require competitive bidding on a parking facility or other public improvement constructed to implement the development plan.

(e) Except as otherwise specified, all activities to develop and implement the development plan must comply with applicable state law and regulations and city ordinances, zoning, and planning requirements.

Subd. 4. **Report.** Beginning in 2025, by February 15 of each year, the city and authority must submit a joint report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over jobs and economic development. The report must include:

(1) the development plan and any proposed changes to the development plan;

(2) information on the progress of projects identified in the development plan;

(3) costs and financing sources for the costs, including the amount paid with state aid and local contributions of projects completed in the previous two years;

(4) estimated costs and financing sources for projects anticipated to start in the next two years; and

(5) debt service schedules for all outstanding obligations of the city and authority for debt issued for projects identified in the plan.

Sec. 20. **REPEALER.**

Minnesota Statutes 2022, section 116J.435, subdivision 5, is repealed.

**116J.435 INNOVATIVE BUSINESS DEVELOPMENT PUBLIC INFRASTRUCTURE GRANT PROGRAM.**

Subd. 5. **Priorities.** (a) If applications for grants exceed the available appropriations, grants must be made for public infrastructure that, in the commissioner's judgment, provides the highest return in public benefits for the public costs incurred. "Public benefits" include job creation, environmental benefits to the state and region, efficient use of public transportation, efficient use of existing infrastructure, provision of affordable housing, multiuse development that constitutes community rebuilding rather than single-use development, crime reduction, blight reduction, community stabilization, and property tax base maintenance or improvement. In making this judgment, the commissioner shall give priority to eligible projects with one or more of the following characteristics:

(1) the potential of the local governmental unit to attract viable innovative businesses;

(2) proximity to public transit if located in a metropolitan county, as defined in section 473.121, subdivision 4;

(3) multijurisdictional eligible projects that take into account the need for affordable housing, transportation, and environmental impact;

(4) the eligible project is not relocating substantially the same operation from another location in the state, unless the commissioner determines the eligible project cannot be reasonably accommodated within the local governmental unit in which the business is currently located, or the business would otherwise relocate to another state or country; and

(5) the number of jobs that will be created.

(b) The factors in paragraph (a) are not listed in a rank order of priority; rather, the commissioner may weigh each factor, depending upon the facts and circumstances, as the commissioner considers appropriate.