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State of Minnesota

HOUSE OF REPRESENTATIVES

SECOND SPECIAL SESSION

H. F. No. 37

07/13/2020 Authored by Davnie
The bill was read for the first time and referred to the Jobs and Economic Development Finance Division

1.1 A bill for an act
1.2 relating to economic development; creating the civil unrest immediate relief
1.3 program; requiring reports; appropriating money.

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

1.5 Section 1. CIVIL UNREST IMMEDIATE RELIEF PROGRAM.

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

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

1.9 (c) "Eligible organization" means:

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

1.11 (2) a city;

1.12 (3) the Minneapolis Community Development Agency; or

1.13 (4) the St. Paul Housing and Redevelopment Authority.

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

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

2.1 and preferences for entities that were already under stress from the COVID-19 peacetime
2.2 emergency.

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

2.7 (1) the eligible organization must develop criteria, procedures, and requirements for:

2.8 (i) determining eligibility for assistance;

2.9 (ii) the duration, terms, underwriting and security requirements, and repayment
2.10 requirements for loans;

2.11 (iii) evaluating applications for assistance;

2.12 (iv) awarding assistance; and

2.13 (v) administering the grant and loan programs authorized under this section, including
2.14 any subgrants to local nonprofits;

2.15 (2) the eligible organization must submit its criteria, procedures, and requirements
2.16 developed pursuant to clause (1) to the commissioner of employment and economic
2.17 development for review; and

2.18 (3) the commissioner must approve the criteria, procedures, and requirements as
2.19 developed pursuant to clause (1) to be used by an eligible organization in determining
2.20 eligibility for assistance, evaluating, awarding, and administering a grant and loan program.

2.21 (b) The relief authorized under this section includes:

2.22 (1) grants to entities. These grants are not to exceed \$250,000 per entity, must specify
2.23 that an entity receiving a grant must remain in the local community a minimum of three
2.24 years after the date of the grant, and must require submission of a plan for continued
2.25 operation. Grants may be awarded to applicants only when an eligible organization
2.26 determines that a loan is not appropriate to address the needs of the applicant; and

2.27 (2) loans to entities, with or without interest, and deferred or forgivable loans. The
2.28 maximum loan amount under this subdivision is \$500,000 per entity. The lending criteria
2.29 adopted by an eligible organization for loans under this subdivision must:

2.30 (i) specify that an entity receiving a deferred or forgivable loan must remain in the local
2.31 community a minimum of three years after the date of the loan. The maximum loan deferral
2.32 period must not exceed three years from the date the loan is approved; and

3.1 (ii) require submission of a plan for continued operation. The plan must document the
3.2 probable success of the applicant's plan and probable success in repaying the loan according
3.3 to the terms established for the loan program.

3.4 (c) All loan repayment funds under this subdivision must be paid to the commissioner
3.5 of employment and economic development for deposit in the general fund.

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

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

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

3.11 (3) the loan default rate;

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

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

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

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

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

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

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

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

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

4.9 **Sec. 2. CIVIL UNREST IMMEDIATE RELIEF PROGRAM.**

4.10 \$167,570,000 in fiscal year 2021 is appropriated from the general fund to the
 4.11 commissioner of employment and economic development for the civil unrest immediate
 4.12 relief program. Of this onetime appropriation, which is available until June 30, 2021:

4.13 (1) at least \$12,500,000 is for a grant to the city of Minneapolis;

4.14 (2) at least \$12,500,000 is for a grant to the city of Saint Paul;

4.15 (3) at least \$5,000,000 is for a grant to the Minneapolis Community Development Agency
 4.16 to acquire and hold property in areas adversely affected by the civil unrest during the
 4.17 peacetime emergency declared in governor's Executive Order No. 20-64, to prevent
 4.18 displacement, retain existing businesses, and maintain the character of the community. Such
 4.19 activities must involve ongoing consultation with groups of local residents;

4.20 (4) at least \$5,000,000 is for a grant to the St. Paul Housing and Redevelopment Authority
 4.21 to acquire and hold property in areas adversely affected by the civil unrest during the
 4.22 peacetime emergency declared in governor's Executive Order No. 20-64, to prevent
 4.23 displacement, retain existing businesses, and maintain the character of the community. Such
 4.24 activities must involve ongoing consultation with groups of local residents;

4.25 (5) at least \$1,000,000 is for grants to cities encompassing areas adversely affected by
 4.26 civil unrest during the peacetime emergency declared in governor's Executive Order No.
 4.27 20-64, for community re-imagining; and

4.28 (6) the commissioner of management and budget must transfer \$750,000 to the Office
 4.29 of the Legislative Auditor for fiscal agent responsibilities to the Civil Unrest Investigatory
 4.30 Commission.

4.31 **EFFECTIVE DATE.** This section is effective the day following final enactment.