

**SENATE**  
**STATE OF MINNESOTA**  
**EIGHTY-EIGHTH LEGISLATURE**

**S.F. No. 943**

(SENATE AUTHORS: SPARKS and Nelson)

DATE	D-PG	OFFICIAL STATUS
03/04/2013	467	Introduction and first reading Referred to Jobs, Agriculture and Rural Development
03/20/2013		Comm report: To pass as amended Second reading

1.1 A bill for an act  
 1.2 relating to economic development; expanding the Minnesota investment fund  
 1.3 to include development authorities; amending Minnesota Statutes 2012, section  
 1.4 116J.8731, subdivisions 2, 8, 9.

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

1.6 Section 1. Minnesota Statutes 2012, section 116J.8731, subdivision 2, is amended to  
 1.7 read:

1.8 Subd. 2. **Administration.** The commissioner shall administer the fund as part of  
 1.9 the Small Cities Development Block Grant Program. Funds shall be made available to  
 1.10 local communities and recognized Indian tribal governments in accordance with the rules  
 1.11 adopted for economic development grants in the small cities community development  
 1.12 block grant program, except that all units of general purpose local government are eligible  
 1.13 applicants for Minnesota investment funds. Eligible applicants for the state-funded  
 1.14 portion of the fund also include development authorities as defined in section 116J.552,  
 1.15 subdivision 4, provided that the governing body of the municipality approves, by  
 1.16 resolution, the application of the development authority. The commissioner may also  
 1.17 make funds available within the department for eligible expenditures under subdivision 3,  
 1.18 clause (2). A home rule charter or statutory city, county, or town may loan or grant money  
 1.19 received from repayment of funds awarded under this section to a regional development  
 1.20 commission, other regional entity, or statewide community capital fund as determined by  
 1.21 the commissioner, to capitalize or to provide the local match required for capitalization of  
 1.22 a regional or statewide revolving loan fund.

1.23 Sec. 2. Minnesota Statutes 2012, section 116J.8731, subdivision 8, is amended to read:

2.1 Subd. 8. **Disaster contingency account; repayments.** There is created a Minnesota  
 2.2 investment fund disaster contingency account in the special revenue fund. Repayment of  
 2.3 loan amounts to the local government unit or development authority under this section  
 2.4 shall be forwarded to the commissioner and deposited in the disaster contingency account  
 2.5 in the Minnesota investment fund to be appropriated by law for future disaster relief.

2.6 Sec. 3. Minnesota Statutes 2012, section 116J.8731, subdivision 9, is amended to read:

2.7 Subd. 9. **Requirements for assistance.** (a) All awards under section 12A.07 are  
 2.8 subject to the following requirements in this subdivision.

2.9 ~~(a) Eligible applicants include the following:~~

2.10 (b) Eligible applicants are subject to the following requirements:

2.11 (1) Applicants may be any business or nonprofit organization in the area included  
 2.12 in the disaster declaration that was directly and adversely affected by the disaster. This  
 2.13 includes: businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit  
 2.14 organizations, including those nonprofits that provide residential, health care, child care,  
 2.15 social, or other services on behalf of the Department of Human Services to residents  
 2.16 included in the disaster area.

2.17 (2) Business applicants must be organized as a proprietorship, partnership, LLC, or  
 2.18 a corporation.

2.19 (3) Applicants must have been in operation before the date of the disaster.

2.20 ~~(b) Eligible activities:~~ (c) Loan funds may be used to assist businesses only in their  
 2.21 recovery efforts but are not available to provide relief from economic losses.

2.22 ~~(e) Eligible costs:~~ (d) Eligible costs may include the following: repair of buildings,  
 2.23 leasehold improvements, fixtures and/or equipment, loss of inventory, and cleanup costs.

2.24 ~~(d) (e) Ineligible activities include all of the following:~~

2.25 (1) ~~Ineligible applicants:~~ Any applicants not meeting the eligibility requirements  
 2.26 outlined in this subdivision are ineligible to receive recovery loan funds.

2.27 (2) ~~Ineligible activities:~~ Funds may not be used for lending or investment operations,  
 2.28 land speculation, or any activity deemed illegal by federal, state, or local law or ordinance.

2.29 (3) ~~Ineligible costs:~~ Ineligible costs include but are not limited to: economic injury  
 2.30 losses, relocation, management fees, financing costs, franchise fees, debt consolidation,  
 2.31 moving costs, refinancing debt existing prior to the date of the disaster, and operating costs.

2.32 ~~(e) (f) Loan application:~~

2.33 ~~(1) Application process:~~ All parties seeking recovery loan funds must file an  
 2.34 application with the local unit of government or development authority. Small Business

3.1 Administration (SBA) application forms may be used. Applications must be transmitted  
3.2 in the form and manner prescribed by the commissioner.

3.3 ~~(f) Application information.~~ (g) Only completed applications will be reviewed for  
3.4 consideration. Submittal of the following information constitutes a complete application:

3.5 (1) Minnesota investment fund recovery loan fund application;

3.6 (2) business SBA disaster application, if applicable;

3.7 (3) regional development organization or responsible local government application,  
3.8 if applicable;

3.9 (4) administrative contact;

3.10 (5) business release for local government to review SBA damage assessment/loss  
3.11 verification, if applicable;

3.12 (6) proof of loss statement from insurer;

3.13 (7) construction cost estimates;

3.14 (8) invoices for work completed;

3.15 (9) quotes for equipment;

3.16 (10) proposed security;

3.17 (11) company historical financial statements for the 24 months immediately prior to  
3.18 the application date;

3.19 (12) credit check release;

3.20 (13) number of jobs to be retained;

3.21 (14) wages paid;

3.22 (15) amount of loan request;

3.23 (16) documentation of damages incurred;

3.24 (17) property taxes paid and current;

3.25 (18) judgments, liens, agreements, consent decrees, stipulations for settlements, or  
3.26 other such actions which would prevent the applicant from participating in any program  
3.27 administered by the responsible local, state, or regional government;

3.28 (19) compliance with all applicable local ordinances and plans;

3.29 (20) documentation through financial and tax records that the business was a viable  
3.30 operating entity at the time of the flood;

3.31 (21) business tax identification number; and

3.32 (22) other documentation as requested.

3.33 ~~(g)~~ (h) Incomplete applications will be assigned pending status and the applicant  
3.34 will be informed in writing of the missing documentation.

3.35 ~~(h) Determination of eligibility.~~ (i) Applicant eligibility will be determined using  
3.36 criteria enumerated in paragraph ~~(a)~~ (b). A credit check for the company and each of its

4.1 principal owners may be conducted. An owner's encumbrance report will be completed  
4.2 by the Recorder's Office.

4.3 (j) A grant recipient is eligible for assistance provided under this section only after the  
4.4 recipient has claimed all applicable private insurance and the recipient has utilized all other  
4.5 sources of applicable assistance available under the act appropriating funding for the grant.