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State of Minnesota  
**HOUSE OF REPRESENTATIVES**  
*First Division Engrossment*

NINETY-FIRST SESSION

**H. F. No. 423**

01/28/2019 Authored by Brand, Schomacker, Lien, Poppe, Gunther and others  
The bill was read for the first time and referred to the Committee on Ways and Means

**Division Action**

02/14/2019 *Referred by Chair to the Jobs and Economic Development Finance Division*  
*Recalled by Chair from the Jobs and Economic Development Finance Division*  
*Referred by Chair to the Health and Human Services Finance Division*  
02/25/2019 *Referred by Chair to the Early Childhood Finance and Policy Division*  
03/14/2019 *Division action, to adopt as amended and return to Health and Human Services Finance Division*

1.1 A bill for an act  
1.2 relating to economic development; child care; establishing a greater Minnesota  
1.3 child care facility capital grant program; providing for a transfer; proposing coding  
1.4 for new law in Minnesota Statutes, chapter 119B.

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

1.6 Section 1. **[119B.255] GREATER MINNESOTA CHILD CARE FACILITY CAPITAL**  
1.7 **GRANT PROGRAM.**

1.8 Subdivision 1. **Creation of account.** A greater Minnesota child care facility capital grant  
1.9 account is created in the special revenue fund. Money in the account is appropriated to the  
1.10 commissioner to make grants under this section.

1.11 Subd. 2. **Purpose; authority.** The purpose of the grant program established in this  
1.12 section is to keep or enhance jobs, increase the tax base, or expand or create new economic  
1.13 development in the area in which the grants are made, by providing facilities for the child  
1.14 care necessary to support workers and their families. Grants under this section must be made  
1.15 to applicants that are located outside of the metropolitan area as defined in section 473.121,  
1.16 subdivision 2.

1.17 Subd. 3. **Definitions.** (a) For the purposes of this section, the following terms have the  
1.18 meanings given.

1.19 (b) "Eligible applicant" or "applicant" means a nonprofit or for-profit family child care  
1.20 provider or child care center that: (1) uses the grant to increase child care capacity in the  
1.21 community that is served by the provider; (2) meets all state requirements for child care  
1.22 facilities or programs; and (3) agrees to achieve or maintain Parent Aware certification.

2.1 (c) "Eligible project" or "project" includes acquisition of land or interest in land,  
2.2 predesign, design, renovation, construction, furnishing, and equipping facilities in which  
2.3 to provide child care or for other child care capital facility improvements that support the  
2.4 purposes for which this grant program is established, including upgrading or expanding  
2.5 existing nonprofit child care facilities for purposes of meeting state requirements.

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

2.7 Subd. 4. **Grants.** (a) The commissioner shall make grants to eligible applicants to provide  
2.8 up to 50 percent of the capital costs of eligible child care facility capital projects, subject  
2.9 to section 16A.502. An eligible applicant receiving a grant must provide for the remainder  
2.10 of the costs of the project, either in cash or in kind. In-kind contributions may include the  
2.11 cost of acquisition of real property and the value of site preparation made before or after  
2.12 the grant award is made.

2.13 (b) The commissioner may also distribute money provided by this section through a  
2.14 regional organization within the meaning of section 15.75 to provide grants to eligible  
2.15 applicants based on the manner of application and criteria established by the commissioner  
2.16 in subdivision 5 and the requirements of this subdivision and subdivisions 6 and 7.

2.17 (c) If the commissioner awards a grant for less than 50 percent of the project cost, the  
2.18 commissioner must provide the applicant and the chairs and ranking minority members of  
2.19 the senate and house of representatives committees with jurisdiction over economic  
2.20 development finance a written explanation for awarding less than 50 percent.

2.21 Subd. 5. **Application; criteria.** The commissioner must develop forms and procedures  
2.22 for soliciting and reviewing applications for grants under this section. An applicant shall  
2.23 apply for a grant in the manner and at the times the commissioner shall determine. At a  
2.24 minimum, an application must include:

2.25 (1) evidence of the need for improved, expanded, or new child care facilities in the area;

2.26 (2) a description of the new or expanded facility or other improvements to be made;

2.27 (3) a description of the specific state requirements making improvements necessary, if  
2.28 applicable;

2.29 (4) estimated costs of the capital project and the sources of funding to complete it;

2.30 (5) estimated costs of the expanded services and the sources of funding to provide them;

2.31 (6) the applicant's analysis of the expected economic benefits to the area in which the  
2.32 project would be located;

3.1 (7) other information that the commissioner determines is necessary or useful in  
3.2 evaluating the impact of the proposed project on the local economy; and

3.3 (8) the average number of children provided care by the applicant during the year prior  
3.4 to the application, if any, and the expected number of children that could be provided child  
3.5 care after the proposed project is completed.

3.6 Subd. 6. **Maximum grant amount.** Grants must not be awarded for more than \$500,000  
3.7 per project or more than \$2,000,000 in two years to an applicant for one or more projects  
3.8 in the same city or county.

3.9 Subd. 7. **Cancellation of grant; return of money.** If the commissioner determines that  
3.10 a grantee is unable to proceed with an approved project or has not expended or obligated  
3.11 the grant money within five years of entering into the grant agreement with the commissioner,  
3.12 the commissioner shall cancel the grant and the money is available for the commissioner  
3.13 to make other grants under this section.

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

3.15 Sec. 2. **TRANSFER; GREATER MINNESOTA CHILD CARE FACILITY GRANTS.**

3.16 \$10,000,000 in fiscal year 2020 is transferred from the general fund to the commissioner  
3.17 of employment and economic development for deposit in the greater Minnesota child care  
3.18 facility capital grant account for the purposes of the greater Minnesota child care facility  
3.19 capital grant program in Minnesota Statutes, section 119B.255.

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