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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 2431

03/08/2016 Authored by Mahoney

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to economic development; modifying certain program and grant
1.3 eligibility requirements; amending Minnesota Statutes 2014, sections 116J.8731,
1.4 subdivision 4; 116J.8748, subdivision 3.

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

1.6 Section 1. Minnesota Statutes 2014, section 116J.8731, subdivision 4, is amended to
1.7 read:

1.8 Subd. 4. **Eligible projects.** Assistance must be evaluated on the existence of the
1.9 following conditions:

1.10 (1) creation of new jobs, retention of existing jobs, or improvements in the quality of
1.11 existing jobs as measured by the wages, skills, or education associated with those jobs;

1.12 (2) increase in the tax base;

1.13 (3) the project can demonstrate that investment of public dollars induces private
1.14 funds;

1.15 (4) the project can demonstrate an excessive public infrastructure or improvement
1.16 cost beyond the means of the affected community and private participants in the project;

1.17 (5) the project provides higher wage levels to the community or will add value to
1.18 current workforce skills;

1.19 (6) the project supports the development of microenterprises, as defined by federal
1.20 statutes, through financial assistance, technical assistance, advice, or business services;

1.21 (7) whether assistance is necessary to retain existing business;

1.22 (8) whether assistance is necessary to attract out-of-state business; **and**

1.23 (9) the project promotes or advances the green economy as defined in section
1.24 116J.437;

2.1 (10) the project is accessible by public transportation;

2.2 (11) the project provides jobs to employees from communities of color and
 2.3 employees that receive financial assistance in the form of employment and training
 2.4 services as defined in section 116L.19, subdivision 4; and

2.5 (12) the project is located at a site that has been remediated or redeveloped under
 2.6 sections 116J.551 to 116J.557, 116J.559, or 116J.575 to 116J.5764.

2.7 A grant or loan cannot be made based solely on a finding that the conditions in
 2.8 clause (7) or (8) exist. A finding must be made that a condition in clause (1), (2), (3),
 2.9 (4), (5), or (6) also exists.

2.10 Applications recommended for funding shall be submitted to the commissioner.

2.11 Sec. 2. Minnesota Statutes 2014, section 116J.8748, subdivision 3, is amended to read:

2.12 Subd. 3. **Minnesota job creation fund business designation; requirements.** (a)

2.13 To receive designation as a Minnesota job creation fund business, a business must satisfy
 2.14 all of the following conditions:

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

2.17 (i) manufacturing;

2.18 (ii) warehousing;

2.19 (iii) distribution;

2.20 (iv) information technology;

2.21 (v) finance;

2.22 (vi) insurance; or

2.23 (vii) professional or technical services;

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

2.29 (3) the business must enter into a binding construction and job creation business
 2.30 subsidy agreement with the commissioner to expend at least \$500,000 in capital investment
 2.31 in a capital investment project that includes a new, expanded, or remodeled facility within
 2.32 one year following designation as a Minnesota job creation fund business and:

2.33 (i) create at least ten new full-time employee positions within two years of the
 2.34 benefit date following the designation as a Minnesota job creation fund business; or

3.1 (ii) expend at least \$25,000,000, which may include the installation and purchase
3.2 of machinery and equipment, in capital investment and retain at least 200 employees for
3.3 projects located in the metropolitan area as defined in section 200.02, subdivision 24, and
3.4 75 employees for projects located outside the metropolitan area;

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

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

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

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

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

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

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

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

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

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

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

3.24 (9) whether the business location is accessible by public transportation;

3.25 (10) whether the business expansion or location will provide jobs to employees
3.26 from communities of color and employees that receive financial assistance in the form of
3.27 employment and training services as defined in section 116L.19, subdivision 4;

3.28 (11) whether the business will be located at a site that has been remediated or
3.29 redeveloped under sections 116J.551 to 116J.557, 116J.559, or 116J.575 to 116J.5764; and

3.30 (12) any other criteria the commissioner deems necessary.

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

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

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

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