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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 5205

04/02/2024

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The bill was read for the first time and referred to the Committee on Workforce Development Finance and Policy

1.1 A bill for an act

1.2 relating to economic development; making supplemental budget adjustments for

1.3 the Department of Employment and Economic Development; appropriating money;

1.4 amending Minnesota Statutes 2023 Supplement, section 116L.43, subdivision 1;

1.5 Laws 2023, chapter 53, article 20, section 2, subdivisions 4, 6; article 21, section

1.6 6; repealing Minnesota Statutes 2022, section 116J.439.

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

1.8 Section 1. Minnesota Statutes 2023 Supplement, section 116L.43, subdivision 1, is amended

1.9 to read:

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

1.11 the meanings given.

1.12 (b) "Community-based organization" means a nonprofit organization that:

1.13 (1) provides workforce development programming or services;

1.14 ~~(2) has an annual organizational budget of no more than \$1,000,000;~~

1.15 ~~(3) (2)~~ has its primary office located in a historically underserved community of color

1.16 or low-income community; and

1.17 ~~(4) (3)~~ serves a population that generally reflects the demographics of that local

1.18 community.

1.19 (c) "Entry level jobs" means part-time or full-time jobs that an individual can perform

1.20 without any prior education or experience.

2.1 (d) "High wage" means the income needed for a family to cover minimum necessary  
 2.2 expenses in a given geographic area, including food, child care, health care, housing, and  
 2.3 transportation.

2.4 (e) "Industry specific certification" means a credential an individual can earn to show  
 2.5 proficiency in a particular area or skill.

2.6 (f) "Remedial training" means additional training provided to staff following the  
 2.7 identification of a need and intended to increase proficiency in performing job tasks.

2.8 (g) "Small business" has the same meaning as section 645.445.

2.9 Sec. 2. Laws 2023, chapter 53, article 20, section 2, subdivision 4, is amended to read:

2.10 Subd. 4. **General Support Services** 18,045,000 8,045,000

2.11 Appropriations by Fund

2.12 2024 2025

2.13 General Fund 17,950,000 7,950,000

2.14 Workforce

2.15 Development 95,000 95,000

2.16 The base for the general support services  
 2.17 division in fiscal year 2026 is \$5,950,000 for  
 2.18 the general fund and \$95,000 for the  
 2.19 workforce development fund.

2.20 (a) \$1,269,000 each year is for transfer to the  
 2.21 Minnesota Housing Finance Agency for  
 2.22 operating the Olmstead Compliance Office.

2.23 (b) \$10,000,000 the first year is for the  
 2.24 workforce digital transformation projects. This  
 2.25 appropriation is onetime and is available until  
 2.26 June 30, 2027.

2.27 Sec. 3. Laws 2023, chapter 53, article 20, section 2, subdivision 6, is amended to read:

2.28 Subd. 6. **Vocational Rehabilitation** 45,691,000 45,691,000  
 2.29 40,636,000

2.30 Appropriations by Fund

2.31 2024 2025

3.1			<del>37,861,000</del>
3.2	General	37,861,000	<u>32,806,000</u>
3.3	Workforce		
3.4	Development	7,830,000	7,830,000

3.5 (a) \$14,300,000 each year is for the state's  
 3.6 vocational rehabilitation program under  
 3.7 Minnesota Statutes, chapter 268A.

3.8 (b) \$11,495,000 each year from the general  
 3.9 fund and \$6,830,000 each year from the  
 3.10 workforce development fund are for extended  
 3.11 employment services for persons with severe  
 3.12 disabilities under Minnesota Statutes, section  
 3.13 268A.15. Of the amounts appropriated from  
 3.14 the general fund, \$4,500,000 each year is for  
 3.15 maintaining prior rate increases to providers  
 3.16 of extended employment services for persons  
 3.17 with severe disabilities under Minnesota  
 3.18 Statutes, section 268A.15.

3.19 (c) \$5,055,000 ~~each year~~ in the first year is for  
 3.20 grants to programs that provide employment  
 3.21 support services to persons with mental illness  
 3.22 under Minnesota Statutes, sections 268A.13  
 3.23 and 268A.14, and is available until June 30,  
 3.24 2025. The base for this appropriation is  
 3.25 \$2,555,000 in fiscal year 2026 and each year  
 3.26 thereafter.

3.27 (d) \$7,011,000 each year is for grants to  
 3.28 centers for independent living under  
 3.29 Minnesota Statutes, section 268A.11. This  
 3.30 appropriation is available until June 30, 2027.  
 3.31 The base for this appropriation is \$3,011,000  
 3.32 in fiscal year 2026 and each year thereafter.

3.33 (e) \$1,000,000 each year is from the workforce  
 3.34 development fund for grants under Minnesota  
 3.35 Statutes, section 268A.16, for employment

4.1 services for persons, including transition-age  
4.2 youth, who are deaf, deafblind, or  
4.3 hard-of-hearing. If the amount in the first year  
4.4 is insufficient, the amount in the second year  
4.5 is available in the first year.

4.6 Sec. 4. Laws 2023, chapter 53, article 21, section 6, is amended to read:

4.7 **Sec. 6. TRANSFERS.**

4.8 (a) In the biennium ending on June 30, 2025, the commissioner of management and  
4.9 budget must transfer \$400,000,000 from the general fund to the Minnesota forward fund  
4.10 account established in Minnesota Statutes, section 116J.8752, subdivision 2. The base for  
4.11 this transfer is \$0.

4.12 (b) In the biennium ending on June 30, 2025, the commissioner of management and  
4.13 budget shall transfer \$25,000,000 from the general fund to the Minnesota climate innovation  
4.14 authority account established in Minnesota Statutes, section 216C.441, subdivision 11. The  
4.15 base for this transfer is \$0.

4.16 (c) In the biennium ending on June 30, 2025, the commissioner of management and  
4.17 budget must transfer \$75,000,000 from the general fund to the state competitiveness fund  
4.18 account established in Minnesota Statutes, section 216C.391, subdivision 2. Notwithstanding  
4.19 Minnesota Statutes, section 216C.391, subdivision 2, the commissioner of commerce must  
4.20 use this transfer for grants to eligible entities for projects receiving federal loans or tax  
4.21 credits where the benefits are in disadvantaged communities. The base for this transfer is  
4.22 \$0. Up to three percent of money transferred under this paragraph is for administrative costs.

4.23 ~~(d) In the biennium ending on June 30, 2027,~~ The commissioners of management and  
4.24 budget, in consultation with the commissioners of employment and economic development  
4.25 and commerce, may transfer money between the Minnesota forward fund account, the  
4.26 Minnesota climate innovation authority account, and the state competitiveness fund account.  
4.27 The commissioner of management and budget must notify the Legislative Advisory  
4.28 Commission within 15 days of making transfers under this paragraph.

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

4.30 **Sec. 5. CANCELLATION.**

4.31 Notwithstanding Laws 2023, chapter 53, article 20, section 2, subdivision 2, paragraph  
4.32 (dd), if the Bureau International des Expositions does not approve the Expo 2027 project,

5.1 the money appropriated in Laws 2023, chapter 53, article 20, section 2, subdivision 2,  
5.2 paragraph (dd), cancels to the general fund.

5.3 Sec. 6. **APPROPRIATIONS.**

5.4 \$5,055,000 in fiscal year 2025 is appropriated from the general fund to the commissioner  
5.5 of employment and economic development for grants to programs that provide employment  
5.6 support services to persons with mental illness under Minnesota Statutes, sections 268A.13  
5.7 and 268A.14. This is a one-time appropriation and available until June 30, 2027.

5.8 Sec. 7. **REVISOR INSTRUCTION.**

5.9 The revisor of statutes shall codify Laws 2023, chapter 53, article 21, section 6, paragraph  
5.10 (d), as Minnesota Statutes, section 116J.8752, subdivision 4a. The revisor may make any  
5.11 technical, grammatical, or cross-reference changes necessary to effectuate this recodification.

5.12 Sec. 8. **REPEALER.**

5.13 Minnesota Statutes 2022, section 116J.439, is repealed.

**116J.439 AIRPORT INFRASTRUCTURE RENEWAL (AIR) GRANT PROGRAM.**

Subdivision 1. **Grant program established; purpose.** (a) The commissioner shall make grants to counties, airport authorities, or cities to provide up to 50 percent of the capital costs of redevelopment of an existing facility or construction of a new facility; and for public or private infrastructure costs, including broadband infrastructure costs, necessary for an eligible airport infrastructure renewal economic development project.

(b) The purpose of the grants made under this section is to keep or enhance jobs in the area, increase the tax base, or expand or create new economic development.

(c) In awarding grants under this section, the commissioner must adhere to the criteria under subdivision 5.

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meanings given.

(b) "City" means a statutory or home rule charter city located outside the metropolitan area as defined in section 473.121, subdivision 2.

(c) "County" means a county located outside the metropolitan area as defined in section 473.121, subdivision 2.

(d) "Airport authority" means an authority created pursuant to section 360.0426.

Subd. 3. **Eligible projects.** An economic development project for which a county, airport authority, or city may be eligible to receive a grant under this section includes: (1) manufacturing; (2) technology; (3) warehousing and distribution; or (4) research and development.

Subd. 4. **Ineligible projects.** The following projects are not eligible for a grant under this section: (1) retail development; or (2) office space development, except as incidental to an eligible purpose.

Subd. 5. **Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section. At a minimum, a county, airport authority, or city must include in its application a resolution of the governing body of the county, airport authority, or city certifying that half of the cost of the project is committed from nonstate sources. The commissioner must evaluate complete applications for eligible projects using the following criteria:

(1) the project is an eligible project as defined under subdivision 3;

(2) the project is expected to result in or will attract substantial public and private capital investment and provide substantial economic benefit to the county, airport authority, or city in which the project would be located; and

(3) the project is expected to or will create or retain full-time jobs.

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

Subd. 6. **Maximum grant amount.** A county, airport authority, or city may receive no more than \$250,000 in two years for one or more projects.

Subd. 7. **Cancellation of grant; return of grant money.** If after five years the commissioner determines that a project has not proceeded in a timely manner and is unlikely to be completed, the commissioner must cancel the grant and require the grantee to return all grant money awarded for that project.

Subd. 8. **Appropriation.** Grant money returned to the commissioner is appropriated to the commissioner to make additional grants under this section.