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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 2235

03/07/2019 Authored by Mahoney and Gunther The bill was read for the first time and referred to the Committee on Ways and Means

1.1 A bill for an act
1.2 relating to economic development; modifying the required wage levels for projects
1.3 funded by the Minnesota investment fund and the Minnesota job creation fund;
1.4 amending Minnesota Statutes 2018, sections 116J.8731, subdivision 5; 116J.8748,
1.5 subdivision 4.

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

1.7 Section 1. Minnesota Statutes 2018, section 116J.8731, subdivision 5, is amended to read:

1.8 Subd. 5. Grant limits. A Minnesota investment fund grant may not be approved for an
1.9 amount in excess of \$1,000,000. This limit covers all money paid to complete the same
1.10 project, whether paid to one or more grant recipients and whether paid in one or more fiscal
1.11 years. A local community or recognized Indian tribal government may retain 40 percent,
1.12 but not more than \$100,000, of a Minnesota investment fund grant when it is repaid to the
1.13 local community or recognized Indian tribal government by the person or entity to which
1.14 it was loaned by the local community or Indian tribal government. Money repaid to the state
1.15 must be credited to a Minnesota investment revolving loan account in the state treasury.
1.16 Funds in the account are appropriated to the commissioner and must be used in the same
1.17 manner as are funds appropriated to the Minnesota investment fund. Funds repaid to the
1.18 state through existing Minnesota investment fund agreements must be credited to the
1.19 Minnesota investment revolving loan account effective July 1, 2005. A grant or loan may
1.20 not be made to a person or entity for the operation or expansion of a casino or a store which
1.21 is used solely or principally for retail sales. Persons or entities receiving grants or loans
1.22 must pay each employee total compensation, including benefits not mandated by law, that
1.23 on an annualized basis is equal to at least ~~110~~ 125 percent of the federal poverty level for
1.24 a family of four.

2.1 Sec. 2. Minnesota Statutes 2018, section 116J.8748, subdivision 4, is amended to read:

2.2 Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job  
2.3 creation fund business as eligible to receive a specific value of benefit under paragraphs (b)  
2.4 and (c) when the business has achieved its job creation and capital investment goals noted  
2.5 in its agreement under subdivision 3.

2.6 (b) A qualified Minnesota job creation fund business may be certified eligible for the  
2.7 benefits in this paragraph for up to five years for projects located in the metropolitan area  
2.8 as defined in section 200.02, subdivision 24, and seven years for projects located outside  
2.9 the metropolitan area, as determined by the commissioner when considering the best interests  
2.10 of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a),  
2.11 clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located  
2.12 outside the metropolitan area may be for up to seven years in length. The eligibility for the  
2.13 following benefits begins the date the commissioner certifies the business as a qualified  
2.14 Minnesota job creation fund business under this subdivision:

2.15 (1) up to five percent rebate for projects located in the metropolitan area as defined in  
2.16 section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan  
2.17 area, on capital investment on qualifying purchases as provided in subdivision 5 with the  
2.18 total rebate for a project not to exceed \$500,000;

2.19 (2) an award of up to \$500,000 based on full-time job creation and wages paid as provided  
2.20 in subdivision 6 with the total award not to exceed \$500,000;

2.21 (3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards  
2.22 are allowable for projects that have at least \$25,000,000 in capital investment and 200 new  
2.23 employees in the metropolitan area as defined in section 200.02, subdivision 24, and 75  
2.24 new employees for projects located outside the metropolitan area;

2.25 (4) up to \$1,000,000 in capital investment rebates are allowable for projects that have  
2.26 at least \$25,000,000 in capital investment and 200 retained employees for projects located  
2.27 in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for  
2.28 projects located outside the metropolitan area; and

2.29 (5) for clauses (3) and (4) only, the capital investment expenditure requirements may  
2.30 include the installation and purchases of machinery and equipment. These expenditures are  
2.31 not eligible for the capital investment rebate provided under subdivision 5.

2.32 (c) The job creation award may be provided in multiple years as long as the qualified  
2.33 Minnesota job creation fund business continues to meet the job creation goals provided for

3.1 in its agreement under subdivision 3 and the total award does not exceed \$500,000 except  
3.2 as provided under paragraph (b), clauses (3) and (4).

3.3 (d) No rebates or award may be provided until the Minnesota job creation fund business  
3.4 or a third party constructing or managing the project has at least \$500,000 in capital  
3.5 investment in the project and at least ten full-time jobs have been created and maintained  
3.6 for at least one year or the retained employees, as provided in paragraph (b), clause (4),  
3.7 remain for at least one year. The agreement may require additional performance outcomes  
3.8 that need to be achieved before rebates and awards are provided. If fewer retained jobs are  
3.9 maintained, but still above the minimum under this subdivision, the capital investment  
3.10 award shall be reduced on a proportionate basis.

3.11 (e) The forms needed to be submitted to document performance by the Minnesota job  
3.12 creation fund business must be in the form and be made under the procedures specified by  
3.13 the commissioner. The forms shall include documentation and certification by the business  
3.14 that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66,  
3.15 and other provisions as specified by the commissioner.

3.16 (f) Minnesota job creation fund businesses must pay each new full-time employee added  
3.17 pursuant to the agreement total compensation, including benefits not mandated by law, that  
3.18 on an annualized basis is equal to at least ~~110~~ 125 percent of the federal poverty level for  
3.19 a family of four.

3.20 (g) A Minnesota job creation fund business must demonstrate reasonable progress on  
3.21 capital investment expenditures within six months following designation as a Minnesota  
3.22 job creation fund business to ensure that the capital investment goal in the agreement under  
3.23 subdivision 1 will be met. Businesses not making reasonable progress will not be eligible  
3.24 for benefits under the submitted application and will need to work with the local government  
3.25 unit to resubmit a new application and request to be a Minnesota job creation fund business.  
3.26 Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not  
3.27 be considered a default of the business subsidy agreement.