



ECONOMIC DEVELOPMENT AUTHORITY

AGENDA
JUNE 28, 2021
6:30 PM
DUNDAS CITY HALL/CITY COUNCIL CHAMBERS

1. CALL TO ORDER/ROLL CALL
2. APPROVAL OF AGENDA
3. APPROVAL OF MINUTES
4. BILLS AND COMMUNICATIONS
5. REPORTS
6. UNFINISHED BUSINESS
7. NEW BUSINESS
 - A. Discuss Business Subsidy Policy
 - B. Review and Discuss 2022 Draft Budget
8. ADJOURN

**CITY OF DUNDAS
ECONOMIC DEVELOPMENT AUTHORITY
MEETING MINUTES OF MAY 10, 2021
6:00 PM Dundas City Hall**

UNOFFICIAL MINUTES

Present: Glen Switzer, Larry Fowler, Grant Modory, Luke LaCroix, Luke Swartwood
Staff Present: City Attorney Jared Shepherd, City Administrator Jenelle Teppen

CALL TO ORDER/ROLL CALL

Chair Switzer called to meeting of the meeting to order at 6:04 p.m. A quorum was present.

APPROVAL OF AGENDA

Motion by LaCroix second by Swartwood to approve the agenda. Motion Carried Unanimously (MCU)

APPROVAL OF MINUTES

No previous minutes presented to approve.

BILLS AND COMMUNICATIONS

REPORTS

UNFINISHED BUSINESS

NEW BUSINESS

Consider Resolution EDA 2021-01 A Resolution Organizing the Economic Development Authority

Attorney Shepherd referred to his memorandum regarding the history of the EDA and the composition of the EDA. He indicated the first meeting should approve organizing of the EDA by resolution. The draft bylaws were approved with the following officers:

President, Glenn Switzer
Vice-President, Luke LaCroix
Secretary, Jenelle Teppen
Treasurer, Luke Swartwood
Assistant Treasurer, Grant Modory

Motion by Switzer second by LaCroix to approve Resolution EDA 2021-01, A Resolution Organizing the Economic Development Authority of the City of Dundas, Minnesota. MCU

Consider Setting Future Meeting Schedule

Meetings will be held on the fourth Monday of the month at 6:30 p.m.

ADJOURN

Motion by LaCroix second by Fowler to adjourn the meeting at 6:47 p.m. MCU

Submitted by:

Attest:

Glenn Switzer, President



MEMORANDUM

TO: Economic Development Authority

FROM: Jenelle Teppen, City Administrator

SUBJECT: Review Draft EDA Budget 2022

DATE: For the EDA meeting of June 28, 2021

PURPOSE/ACTION REQUESTED
Review draft EDA budget for 2022

SUMMARY

The EDA has indicated a desire to levy for funds for the purposes of increasing the City's economic development activities. MN Statutes 469.107 states that an amount not more than 0.01813% of the taxable market value may be levied for EDA activities in addition to other monies levied for City operations.

Rice County has given us preliminary indication that the estimated market value will be about \$213,546,800 for taxes payable in 2022 which calculates to approximately \$37,800 in revenue for the EDA in 2022.

While the EDA does not have any loan programs or initiatives yet identified, the funds would be available for approved activities. In developing the budget, I have allocated 10% of my salary and associated costs to the EDA fund, as well as a portion of NAC – Nate Sparks and legal fees.

RECOMMENDATION

THE EDA should review and discuss the draft 2022 budget and provide direction to staff.

	Account Description	2019 Amt	2020 Amt	2021YTD Amt	2021Budget	Proposed 2022 Budget
Fund 235 EDA						
	Dept 46500 Economic Development					
	E 235-46500-100 Salaries and Wages	\$0.00	\$0.00	\$0.00	\$0.00	9,640.00
	E 235-46500-121 PERA	\$0.00	\$0.00	\$0.00	\$0.00	720.00
	E 235-46500-122 Payroll Taxes	\$0.00	\$0.00	\$0.00	\$0.00	740.00
	E 235-46500-131 Employer Paid Health	\$0.00	\$0.00	\$0.00	\$0.00	890.00
	E 235-46500-133 Employer Paid Dental	\$0.00	\$0.00	\$0.00	\$0.00	10.00
	E 235-46500-134 Employer Paid Life	\$0.00	\$0.00	\$0.00	\$0.00	-
	E 235-46500-151 Worker s Comp Insurance Prem	\$0.00	\$0.00	\$0.00	\$0.00	40.00
	E 235-46500-200 Supplies	\$0.00	\$0.00	\$0.00	\$0.00	
	E 235-46500-301 Auditing and Acct g Services	\$0.00	\$0.00	\$0.00	\$0.00	2,220.00
	E 235-46500-304 Legal Fees	\$0.00	\$0.00	\$0.00	\$0.00	1,000.00
	E 235-46500-313 Planning Fee s	\$0.00	\$0.00	\$0.00	\$0.00	4,000.00
	E 235-46500-430 Miscellaneous	\$0.00	\$0.00	\$0.00	\$0.00	
		\$0.00	\$0.00	\$0.00	\$0.00	\$19,260.00
Fund 235 EDA		\$0.00	\$0.00	\$0.00	\$0.00	19,260.00

CITY OF DUNDAS,
COUNTY OF RICE
STATE OF MINNESOTA

RESOLUTION NUMBER 2000-16

Council Member Cox introduced the following Resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

RESOLUTION ADOPTING CRITERIA FOR AWARDING BUSINESS SUBSIDIES IN COMPLIANCE WITH THE REQUIREMENTS OF THE MINNESOTA BUSINESS SUBSIDIES ACT

WHEREAS, the Council of the City of Dundas (the "City") is required by Minnesota Statutes 116J.993 through 116J.995 (the "Business Subsidy Act"), inclusive, as amended, to hold a Public Hearing and adopt criteria for awarding business subsidies to for-profit and certain nonprofit private entities (the "Criteria"), subject to the limitations established in the Business Subsidy Act; and

WHEREAS, the Council did hold a Public Hearing on August 28, 2000 at the City Hall, 216 Railway Street North, Dundas, Minnesota, to consider the establishment of such Criteria; and

WHEREAS, the City did consider and discuss the Criteria as guidelines, reserving the right in its discretion to approve business subsidies that vary from the Criteria if the City determines the subsidy nevertheless serves a public purpose;

THEREFORE, BE IT RESOLVED by the Council of the City of Dundas, Minnesota, as follows:

1. The Business Subsidy Policy and Criteria for the City of Dundas, attached hereto as Exhibit A, is hereby adopted by the City for guidance in the processing and review of applications for business subsidies to be awarded by the City.
2. Staff of the City is hereby authorized and directed to incorporate the Business Subsidy Criteria into the application and award process and to advise applicants of the requirements necessary for the award of business subsidies.

The motion for the adoption of the foregoing Resolution was seconded by Council Member Malecha and, upon vote being taken thereon, the following voted in favor:

Anthony, Bultman, Cox, Malecha, Streit

and the following voted against the same:

Ø

whereupon said Resolution was declared duly passed and adopted by the Council in and for the City of Dundas, Minnesota on August 28th, 2000.

SIGNED:

Jesse Streit
Jesse Streit, Mayor

ATTEST:

Judy Becker
Judy Becker, City Clerk

CITY OF DUNDAS,
COUNTY OF RICE
STATE OF MINNESOTA

RESOLUTION NUMBER 2000-14

Council Member Matecha introduced the following Resolution, the reading of which was dispensed with by unanimous consent, and moved its adoption:

**RESOLUTION CALLING FOR A PUBLIC HEARING ON THE
PROPOSED ADOPTION OF THE BUSINESS SUBSIDY POLICY
OF THE CITY OF DUNDAS, MINNESOTA**

BE IT RESOLVED by the City Council (the "Council") of the City of Dundas, Minnesota (the "City") as follows:

This Council shall meet in the City Hall on Monday, August 28, 2000 at 7:00 p.m., or as soon thereafter as possible, to hold a Public Hearing to consider adoption of the Dundas Business Subsidy Policy, such policy to be used as a guideline when evaluating and awarding business subsidies to profit and certain nonprofit private entities, as required by Minnesota Statutes, Sections 116J.993 to 116J.995 (the "Business Subsidy Act").

The City Clerk is hereby directed to cause a notice of the Public Hearing in the official newspaper, substantially in the form attached hereto as Exhibit A, to be published as required by the Business Subsidy Act, and to place a copy of the proposed Business Subsidy Policy on file in the office of the City Clerk and to make such copies available for inspection by the public during normal business hours.

The motion for the adoption of the foregoing Resolution was duly seconded by Council Member Cox and, upon vote being taken thereon, the following voted in favor:

Anthony, Bultman, Cox, Matecha, Stritz

and the following voted against the same:

None

whereupon said Resolution was declared duly passed and adopted by the Council in and for the City of Dundas, Minnesota on August 14th, 2000.

SIGNED:

Jesse Stritz
Jesse Stritz, Mayor

ATTEST:

Judy Becker
Judy Becker, City Clerk

EXHIBIT A

BUSINESS SUBSIDY POLICY AND CRITERIA

THE CITY OF DUNDAS, MINNESOTA

ADOPTED August 28, 2000

Section 1. Definitions

- 1.1 **Act** means Minnesota Statutes, sections 116J.993 to 116J.995, inclusive, as amended, also referred to as the Business Subsidy Act.
- 1.2 **Business Subsidy** means a grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the Recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business. Forms of financial assistance listed in *Appendix A* are not a Business Subsidy under the Act.
- 1.2 **City** means the City of Dundas
- 1.3 **Criteria** means those elements considered by the City as a guide in the processing and reviewing of applications requesting a Business Subsidy. Meeting the Criteria does not presume that a project will automatically be approved nor does it create any contractual rights on the part of any applicant.
- 1.4 **Grantor** means the City of Dundas which has the authority to provide Business Subsidies.
- 1.5 **Recipient** means any for-profit business entity that receives a Business Subsidy or any nonprofit business entity meeting the requirements of section 116J.993, subd. 6 of the Act.
- 1.6 **Subsidy Agreement** means an agreement between the Grantor and the Recipient that meets the requirements of section 116J.994,

subd. 3 of the Act. The Subsidy Agreement may be incorporated into a broader development agreement for a project. The terms listed under *Appendix B* are required under the Act.

Section 2. Public Policy. A business subsidy must meet a public purpose which may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable.

2.1 A Business Subsidy must have a defined public purpose. Public purposes that could apply to the project, among others, are listed in *Appendix C*.

2.2 A statement of the public purpose must be given in the Subsidy Agreement.

Section 3. Business Subsidy Criteria. The City reserves the right to approve a Business Subsidy that varies from the Criteria if the City determines a valid public purpose will be served. Criteria may be amended at any time, subject to a public hearing, the notice of which shall be published ten days prior to the hearing.

3.1 The criteria may not be adopted on a case-by-case basis.

3.2 Any Business Subsidy approved by the City shall be in compliance with the requirements of State and local law, including conformance with the comprehensive plan of the City.

3.3 The City can approve a request for a Business Subsidy if changes in the comprehensive plan, the zoning ordinance or other local laws or policies are under active consideration by the City.

3.4 The applicant must demonstrate that “but for” the assistance of the City, the project would not go forward.

3.5 The City may require demonstration of financial ability to pursue the project. The City may also rely on data provided by an applicant to financial institution.

3.6 A specific wage floor of \$ * per hour (the “Wage Floor”) [*Council can use a formula rather than a dollar amount if the Council prefers*] for the wages to be paid for the jobs created. The Council may deviate from the Wage Floor by documenting in writing the reason for the deviation and attaching a copy of the written documentation to its next annual report to the Department of Trade and Economic Development (DTED).

*the current minimum wage

- 3.7 The setting of wage and job goals will be sensitive to prevailing wage rates, local economic conditions, external economic forces over which neither the City nor the Recipient has control, the financial resources of the Recipient, the competitive environment in which the Recipient's business exists, and the public purpose for which the City is providing the Business Subsidy.
- 3.8 A copy of the criteria will be submitted to DTED with the first annual report after the adoption of this criteria.

Section 4. Subsidy Agreement. A Recipient of a Business Subsidy is required by the Act to enter into a Subsidy Agreement with the City.

- 4.1 The Subsidy Agreement between the City and the Recipient must meet the requirements set forth in *Appendix B* but may be incorporated into the development agreement for the project.
- 4.2 For a subsidy exceeding \$100,000, the City must hold a public hearing unless a hearing is otherwise required, with public notice in the official newspaper at least ten days before the public hearing. The notice must be sufficiently conspicuous in size and placement, make the information available in printed paper copies, and if possible, on the Internet
- 4.3 The Subsidy Agreement must be approved by the City Council and executed by both the City and the Recipient.

APPENDIX A

EXEMPTIONS FROM THE BUSINESS SUBSIDY ACT

The Business Subsidy, Act at section 116J.993, subdivision 3, exempts the following forms of financial assistance from the limitations of the Act:

1. A Business subsidy of less than \$25,000;
2. Assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;
3. Public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;
4. Redevelopment property polluted by contaminants as defined in section 116J.662, subdivision 3;
5. Assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;
6. Assistance provided to organizations whose primary mission is to provide job readiness and training services if the sole purpose of the assistance is to provide those services;
7. Assistance for housing;
8. Assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;
9. Assistance for energy conservation;
10. Tax reductions resulting from conformity with federal tax law;

Appendix A Continued

11. Workers' compensation and unemployment compensation;
12. Benefits derived from regulation;
13. Indirect benefits derived from assistance to educational institutions;
14. Funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501©(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;
15. Assistance for a collaboration between a Minnesota higher education institution and a business;
16. Assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19 [*pollution clean-up*];
17. Redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;
18. General changes in tax increment financing law and other general tax law changes of a principally technical nature;
19. Federal assistance until the assistance has been repaid to, or reinvested by, the state or local government agency;
20. Funds from dock and wharf bonds issued by a seaway port authority;
21. Business loans and loan guarantees of \$75,000 or less; and
22. Federal loan funds provided through the United States Department of Commerce, Economic Development Administration.

APPENDIX B

REQUIREMENTS FOR SUBSIDY AGREEMENTS

Section 116J.994, subdivision 3 of the Business Subsidy Act requires a Recipient must enter into a Subsidy Agreement with the City that includes the following:

1. A description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;
2. A statement of the public purposes for the subsidy;
3. Measurable, specific, and tangible goals for the subsidy;
4. A description of the financial obligation of the recipient if the goals are not met;
5. A statement of why the subsidy is needed;
6. A commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date;
7. The name and address of the parent corporation of the recipient, if any;
8. A list of all financial assistance by all grantors for the project; and
9. Wage and job goals, including
 - a. Goals for the number of jobs created, which may include separate goals for the number of part-time and full-time jobs, or where job loss is imminent and demonstrable, goals for the number of jobs retained;
 - b. Wage goals for the jobs created or retained, including specific goals to be attained within two years of the date the benefit was received.
10. Business subsidies in the form of grants must be structured as forgivable loans. For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

APPENDIX C

SUGGESTIONS FOR SUBSIDY PUBLIC PURPOSES

The City may wish to consider any of the following public purposes, among others, when considering an applicant's request:

1. The project increases the tax base (*but tax base can not be the only public purpose*). Job retention may be used as a public purpose in cases where job loss is specific and demonstrable.
2. The project provides a service or meets a consumer need not currently addressed in the City.
3. The project represents a significant investment in an area of the City that is economically depressed.
4. The project will remove blighting influences or rehabilitate an area of the City in need of revitalization.
5. The project will stimulate additional capital investment in a geographic area of the City and act as a catalyst for future (re)development.
6. The project will cause surrounding property values to increase and will stabilize the area.
7. The project will anchor a needed commercial center for the City.
8. The project will enhance the viability of other businesses in the City.
9. The project will assist in the orderly growth of the City and generate significant economic spin off.
10. The project will prevent the closure of business needed in the community due to merger, physical expansion, change in market or economic factors, downsizing, and other factors.
11. The project will employ a classification of people in the community at large who are not fully employed.
12. A business subsidy will permit the project to employ more people, pay higher wages, be of better quality, or in some way be of more value to the City.

116J.993 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of sections 116J.993 to 116J.995, the terms defined in this section have the meanings given them.

Subd. 2. **Benefit date.** "Benefit date" means the date that the recipient receives the business subsidy. If the business subsidy involves the purchase, lease, or donation of physical equipment, then the benefit date begins when the recipient puts the equipment into service. If the business subsidy is for improvements to property, then the benefit date refers to the earliest date of either:

(1) when the improvements are finished for the entire project; or

(2) when a business occupies the property. If a business occupies the property and the subsidy grantor expects that other businesses will also occupy the same property, the grantor may assign a separate benefit date for each business when it first occupies the property.

Subd. 3. **Business subsidy.** "Business subsidy" or "subsidy" means a state or local government agency grant, contribution of personal property, real property, infrastructure, the principal amount of a loan at rates below those commercially available to the recipient, any reduction or deferral of any tax or any fee, any guarantee of any payment under any loan, lease, or other obligation, or any preferential use of government facilities given to a business.

The following forms of financial assistance are not a business subsidy:

(1) a business subsidy of less than \$150,000;

(2) assistance that is generally available to all businesses or to a general class of similar businesses, such as a line of business, size, location, or similar general criteria;

(3) public improvements to buildings or lands owned by the state or local government that serve a public purpose and do not principally benefit a single business or defined group of businesses at the time the improvements are made;

(4) redevelopment property polluted by contaminants as defined in section 116J.552, subdivision 3;

(5) assistance provided for the sole purpose of renovating old or decaying building stock or bringing it up to code and assistance provided for designated historic preservation districts, provided that the assistance is equal to or less than 50 percent of the total cost;

(6) assistance to provide job readiness and training services if the sole purpose of the assistance is to provide those services;

(7) assistance for housing;

(8) assistance for pollution control or abatement, including assistance for a tax increment financing hazardous substance subdistrict as defined under section 469.174, subdivision 23;

(9) assistance for energy conservation;

(10) tax reductions resulting from conformity with federal tax law;

(11) workers' compensation and unemployment insurance;

(12) benefits derived from regulation;

(13) indirect benefits derived from assistance to educational institutions;

(14) funds from bonds allocated under chapter 474A, bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(15) assistance for a collaboration between a Minnesota higher education institution and a business;

(16) assistance for a tax increment financing soils condition district as defined under section 469.174, subdivision 19;

(17) redevelopment when the recipient's investment in the purchase of the site and in site preparation is 70 percent or more of the assessor's current year's estimated market value;

(18) general changes in tax increment financing law and other general tax law changes of a principally technical nature;

(19) federal assistance until the assistance has been repaid to, and reinvested by, the state or local government agency;

(20) funds from dock and wharf bonds issued by a seaway port authority;

(21) business loans and loan guarantees of \$150,000 or less;

(22) federal loan funds provided through the United States Department of Commerce, Economic Development Administration; and

(23) property tax abatements granted under section 469.1813 to property that is subject to valuation under Minnesota Rules, chapter 8100.

Subd. 4. **Grantor.** "Grantor" means any state or local government agency with the authority to grant a business subsidy.

Subd. 5. **Local government agency.** "Local government agency" includes a statutory or home rule charter city, housing and redevelopment authority, town, county, port authority, economic development authority, community development agency, nonprofit entity created by a local government agency, or any other entity created by or authorized by a local government with authority to provide business subsidies.

Subd. 6. **Recipient.** "Recipient" means any for-profit or nonprofit business entity that receives a business subsidy. Only nonprofit entities with at least 100 full-time equivalent positions and with a ratio of highest to lowest paid employee, that exceeds ten to one, determined on the basis of full-time equivalent positions, are included in this definition.

Subd. 6a. **Residence.** "Residence" means the place where an individual has established a permanent home from which the individual has no present intention of moving.

Subd. 7. **State government agency.** "State government agency" means any state agency that has the authority to award business subsidies.

History: 1999 c 243 art 12 s 1; 2000 c 482 s 1; 2004 c 206 s 52; 1Sp2005 c 3 art 7 s 1; 2006 c 259 art 4 s 1; 2008 c 366 art 5 s 2

116J.994 REGULATING LOCAL AND STATE BUSINESS SUBSIDIES.

Subdivision 1. **Public purpose.** A business subsidy must meet a public purpose which may include, but may not be limited to, increasing the tax base. Job retention may only be used as a public purpose in cases where job loss is specific and demonstrable.

Subd. 2. **Developing a set of criteria.** A business subsidy may not be granted until the grantor has adopted criteria after a public hearing for awarding business subsidies that comply with this section. The criteria may not be adopted on a case-by-case basis. The criteria must set specific minimum requirements that recipients must meet in order to be eligible to receive business subsidies. The criteria must include a specific wage floor for the wages to be paid for the jobs created. The wage floor may be stated as a specific dollar amount or may be stated as a formula that will generate a specific dollar amount. A grantor may deviate from its criteria by documenting in writing the reason for the deviation and attaching a copy of the document to its next annual report to the department. The commissioner of employment and economic development may assist local government agencies in developing criteria. A copy of the criteria must be submitted to the Department of Employment and Economic Development along with the first annual report following May 15, 2000, or with the first annual report after it has adopted criteria, whichever is earlier. Notwithstanding section 116J.993, subdivision 3, clauses (1) and (21), for the purpose of this subdivision, "business subsidies" as defined under section 116J.993 includes the following forms of financial assistance:

- (1) a business subsidy of \$25,000 or more; and
- (2) business loans and guarantees of \$75,000 or more.

Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

- (1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;
- (2) a statement of the public purposes for the subsidy;
- (3) measurable, specific, and tangible goals for the subsidy;
- (4) a description of the financial obligation of the recipient if the goals are not met;
- (5) a statement of why the subsidy is needed;
- (6) a commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date;
- (7) the name and address of the parent corporation of the recipient, if any; and
- (8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

(e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be authorized to move from the jurisdiction where the subsidy is used within the five-year period after the benefit date if, after a public hearing, the grantor approves the recipient's request to move. For the purpose of this paragraph, if the grantor is a state government agency other than the Department of Iron Range Resources and Rehabilitation, "jurisdiction" means a city or township.

Subd. 4. Wage and job goals. The subsidy agreement, in addition to any other goals, must include: (1) goals for the number of jobs created, which may include separate goals for the number of part-time or full-time jobs, or, in cases where job loss is specific and demonstrable, goals for the number of jobs retained; (2) wage goals for any jobs created or retained; and (3) wage goals for any jobs to be enhanced through increased wages. After a public hearing, if the creation or retention of jobs is determined not to be a goal, the wage and job goals may be set at zero. The goals for the number of jobs to be created or retained must result in job creation or retention by the recipient within the granting jurisdiction overall.

In addition to other specific goal time frames, the wage and job goals must contain specific goals to be attained within two years of the benefit date.

Subd. 5. Public notice and hearing. (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$150,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the commissioner of Iron Range resources and rehabilitation, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the commissioner of Iron Range resources and rehabilitation must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the commissioner of Iron Range resources and rehabilitation must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and rehabilitation.

(f) The public notice of any public meeting about a business subsidy agreement, including those required by this subdivision and by subdivision 4, must include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

Subd. 6. Failure to meet goals. (a) The subsidy agreement must specify the recipient's obligation if the recipient does not fulfill the agreement. At a minimum, the agreement must require a recipient failing to meet subsidy agreement goals to pay back the assistance plus interest to the grantor or, at the grantor's option, to the account created under section 116J.551 provided that repayment may be prorated to reflect partial fulfillment of goals. The interest rate must be set at no less than the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the 12-month period ending March 31 of the previous year. The grantor, after a public hearing, may extend for up to one year the period for meeting the wage and job goals under subdivision 4 provided in a subsidy agreement. A grantor may extend the period for meeting other goals under subdivision 3, paragraph (a), clause (3), by documenting in writing the reason for the extension and attaching a copy of the document to its next annual report to the department.

(b) A recipient that fails to meet the terms of a subsidy agreement may not receive a business subsidy from any grantor for a period of five years from the date of failure or until a recipient satisfies its repayment obligation under this subdivision, whichever occurs first.

(c) Before a grantor signs a business subsidy agreement, the grantor must check with the compilation and summary report required by this section to determine if the recipient is eligible to receive a business subsidy.

Subd. 7. Reports by recipients to grantors. (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the local government agency that provided the subsidy or to the commissioner if the grantor is a state agency. If the commissioner of Iron Range resources and rehabilitation is the grantor, the copies must be sent to the commissioner of Iron Range resources and rehabilitation. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;

(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;

(8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(9) the name and address of the parent corporation of the recipient, if any;

- (10) a list of all financial assistance by all grantors for the project; and
- (11) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year. The local agency and the commissioner of Iron Range resources and rehabilitation must forward copies of the reports received by recipients to the commissioner by April 1.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting requirements of this subdivision, except that the report of the recipient must include instead:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the assistance is tax increment financing;

(2) progress towards meeting goals stated in the assistance agreement and the public purpose of the assistance;

(3) if the agreement includes job creation, the hourly wage of each job created with separate bands of wages;

(4) if the agreement includes job creation, the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

Subd. 8. Reports by grantors. (a) Local government agencies of a local government with a population of more than 2,500 and state government agencies, regardless of whether or not they have awarded any business subsidies, must file a report by April 1 of each year with the commissioner. Local government agencies of a local government with a population of 2,500 or less are exempt from filing this report if they have not awarded a business subsidy in the past five years. The report must include a list of recipients that did not complete the recipient report required under subdivision 7 and a list of recipients that have not met their job and wage goals within two years and the steps being taken to bring them into compliance or to recoup the subsidy.

If the commissioner has not received the report by April 1 from an entity required to report, the commissioner shall issue a warning to the government agency. If the commissioner has still not received the report by June 1 of that same year from an entity required to report, then that government agency may not award any business subsidies until the report has been filed.

(b) The report required under paragraph (a) is also required for financial assistance of \$25,000 and greater that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clause (1), and of \$75,000 and greater that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clause (21). The report for the financial assistance under this paragraph must be completed within one year of the granting of the financial assistance. The report required for financial assistance under this paragraph must include:

(1) the name of the recipient, its organizational structure, its address and contact information, and its industry sector;

(2) a description of the amount and use of the financial assistance and the total project budget, including a list of all financial assistance by all grantors for the project and the private sources of financial assistance;

(3) the public purpose of the financial assistance, the job goals associated with both the financial assistance and the total project in which the financial assistance is included, the hourly wage of each job created, and the cost of health insurance provided by the employer;

(4) the date the project will be completed;

(5) the name and address of the parent corporation of the recipient, if any; and

(6) any other information the commissioner may request.

(c) Within one year of completing a report under paragraph (b), the local government agency must report to the commissioner on progress in achieving the purposes and goals under paragraph (b), clause (3).

(d) The commissioner of employment and economic development must provide information on reporting requirements to state and local government agencies.

Subd. 9. Compilation and summary report. The Department of Employment and Economic Development must publish a compilation and summary of the results of the reports for the previous two calendar years by December 1 of 2004 and every other year thereafter. The reports of the government agencies to the department and the compilation and summary report of the department must be made available to the public. The commissioner must make copies of all business subsidy reports submitted by local and state granting agencies available on the department's website by October 1 of the year in which they were submitted.

The commissioner must coordinate the production of reports so that useful comparisons across time periods and across grantors can be made. The commissioner may add other information to the report as the commissioner deems necessary to evaluate business subsidies. Among the information in the summary and compilation report, the commissioner must include:

(1) total amount of subsidies awarded in each development region of the state;

(2) distribution of business subsidy amounts by size of the business subsidy;

(3) distribution of business subsidy amounts by time category;

(4) distribution of subsidies by type and by public purpose;

(5) percent of all business subsidies that reached their goals;

(6) percent of business subsidies that did not reach their goals by two years from the benefit date;

(7) total dollar amount of business subsidies that did not meet their goals after two years from the benefit date;

(8) percent of subsidies that did not meet their goals and that did not receive repayment;

(9) list of recipients that have failed to meet the terms of a subsidy agreement in the past five years and have not satisfied their repayment obligations;

(10) number of part-time and full-time jobs within separate bands of wages for the entire state and for each development region of the state;

(11) benefits paid within separate bands of wages for the entire state and for each development region of the state; and

(12) number of employees in the entire state and in each development region of the state who ceased to be employed because their employers relocated to become eligible for a business subsidy.

Subd. 10. **Compilation.** The Department of Employment and Economic Development must publish a compilation of granting agencies' criteria policies adopted in the previous two calendar years by December 1 of 2004 and every other year thereafter.

Subd. 11. **Enforcement.** (a) A person with residence in or an owner of taxable property located in the jurisdiction of the grantor may bring an action for equitable relief arising out of the failure of the grantor to comply with sections 116J.993 to 116J.995. The court may award a prevailing party in an action under this subdivision costs and reasonable attorney fees.

(b) Prior to bringing an action, the party must file a written complaint with the grantor stating the alleged violation and proposing a remedy. The grantor has up to 30 days to reply to the complaint in writing and may take action to comply with sections 116J.993 to 116J.995.

(c) The written complaint under this subdivision for failure to comply with subdivisions 1 to 5, must be filed with the grantor within 180 days after approval of the subsidy agreement under subdivision 3, paragraph (d). An action under this subdivision must be commenced within 30 days following receipt of the grantor's reply, or within 180 days after approval of the subsidy agreement under subdivision 3, paragraph (d), whichever is later.

History: 1999 c 243 art 12 s 2; 2000 c 482 s 2-11; 2001 c 7 s 28; 2003 c 128 art 13 s 24-26; 1Sp2003 c 4 s 1; 2004 c 206 s 24,25; 1Sp2005 c 1 art 4 s 23,24; 1Sp2005 c 3 art 7 s 2-5; 2008 c 366 art 5 s 3-5; 2017 c 94 art 7 s 11-13