A bill for an act relating to state government; establishing the PROMISE Act; establishing a grant and loan program for businesses affected by civil unrest; exempting certain items from sales and use tax; requiring property tax abatement for certain properties; appropriating money; amending Minnesota Statutes 2020, sections 297A.71, by adding a subdivision; 297A.75, subdivisions 1, 2.

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

ARTICLE 1

PROMISE ACT

Section 1. TITLE.

This act may be cited as the "Providing Resources, Opportunity, and Maximizing Investments in Striving Entrepreneurs (PROMISE) Act."

ARTICLE 2

REBUILDING GENERAL DEVELOPMENT PROGRAMS

Section 1. CIVIL UNREST IMMEDIATE RELIEF PROGRAM.

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

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

(c) "Eligible organization" means a federally certified community development financial institution or a nonprofit with experience working with businesses.
(d) "Entity" includes any registered business or nonprofit organization. This includes businesses, cooperatives, utilities, industrial, commercial, retail, and nonprofit organizations.

Subd. 2. Establishment. The commissioner shall establish a program to make grants to eligible organizations to develop and implement local economic relief programs designed with the primary goal of assisting areas adversely affected by civil unrest during the peacetime emergency declared in governor's Executive Order No. 20-64 by preserving incumbent entities and encouraging new entities to locate in those areas. To this end, local programs should include outreach to cultural communities, support for microenterprises, and preferences for entities that were already under stress from the COVID-19 peacetime emergency.

Subd. 3. Available relief. (a) The local programs established by eligible organizations under this section may include grants or loans as provided in this section, as well as subgrants to local nonprofits to further the goals of the program. Prior to awarding a grant to an eligible organization for a local program under this section:

1. the eligible organization must develop criteria, procedures, and requirements for:
   (i) determining eligibility for assistance;
   (ii) the duration, terms, underwriting and security requirements, and repayment requirements for loans;
   (iii) evaluating applications for assistance;
   (iv) awarding assistance; and
   (v) administering the grant and loan programs authorized under this section, including any subgrants to local nonprofits;

2. the eligible organization must submit its criteria, procedures, and requirements developed pursuant to clause (1) to the commissioner of employment and economic development for review; and

3. the commissioner must approve the criteria, procedures, and requirements as developed pursuant to clause (1) to be used by an eligible organization in determining eligibility for assistance, evaluating, awarding, and administering a grant and loan program.

(b) The relief authorized under this section includes:

1. grants to entities. These grants are not to exceed $250,000 per entity, must specify that an entity receiving a grant must remain in the local community a minimum of three years after the date of the grant, and must require submission of a plan for continued
Grants may be awarded to applicants only when an eligible organization
determines that a loan is not appropriate to address the needs of the applicant; and

(2) loans to entities, with or without interest, and deferred or forgivable loans. The
maximum loan amount under this subdivision is $500,000 per entity. The lending criteria
adopted by an eligible organization for loans under this subdivision must:

(i) specify that an entity receiving a deferred or forgivable loan must remain in the local
community a minimum of three years after the date of the loan. The maximum loan deferral
period must not exceed three years from the date the loan is approved; and

(ii) require submission of a plan for continued operation. The plan must document the
probable success of the applicant's plan and probable success in repaying the loan according
to the terms established for the loan program.

(c) All loan repayment funds under this subdivision must be paid to the commissioner
of employment and economic development for deposit in the general fund.

Subd. 4. Monitoring and reporting. (a) Participating eligible organizations must
establish performance measures that include but are not limited to the following components:

(1) the number of loans approved and the amounts and terms of the loans;

(2) the number of grants awarded, award amounts, and the reason that a grant award
was made in lieu of a loan;

(3) the loan default rate;

(4) the number of jobs created or retained as a result of the assistance, including
information on the wages and benefit levels, the status of the jobs as full-time or part-time,
and the status of the jobs as temporary or permanent; and

(5) the amount of business activity and changes in gross revenues of the grant or loan
recipient as a result of the assistance.

(b) The commissioner of employment and economic development must monitor the
participating eligible organizations' compliance with this section and the performance
measures developed under paragraph (a).

(c) Participating eligible organizations must comply with all requests made by the
commissioner under this section and are responsible for the reporting and compliance of
any subgrantees.

(d) By December 15 of each year the program is in existence, participating eligible
organizations must report their performance measures to the commissioner. By January 15
of each year the program is in existence, after the first, the commissioner must submit a report of these performance measures to the chairs and ranking minority members of the committees of the house of representatives and the senate having jurisdiction over economic development that details the use of funds under this section.

Subd. 5. Exemptions. (a) Minnesota Statutes, sections 116J.993 to 116J.995, do not apply to assistance under this section. Entities in receipt of assistance under this section must provide for job creation and retention goals and wage and benefit goals.

(b) Minnesota Statutes, sections 16A.15, 16B.97, 16B.98, 16B.991, 16C.05, and 16C.053, do not apply to assistance under this section.

Subd. 6. Administrative costs. The commissioner of employment and economic development may use up to seven percent of the appropriation made for this section for administrative expenses of the department or for assisting participating eligible organizations with their administrative expenses.

EFFECTIVE DATE. This section is effective the day following final enactment and expires the day after the last loan is repaid or forgiven as provided under this section.

Sec. 2. APPROPRIATIONS: CIVIL UNREST IMMEDIATE RELIEF PROGRAM.

$267,570,000 in fiscal year 2021 is appropriated from the general fund to the commissioner of employment and economic development for the civil unrest immediate relief program. Of this onetime appropriation, which is available until December 31, 2021:

(1) at least $20,000,000 is for grants to nonprofits with experience working with businesses to acquire and hold property within the city of Minneapolis in areas adversely affected by the civil unrest during the peacetime emergency declared in governor's Executive Order No. 20-64, to prevent displacement, retain existing businesses, and maintain the character of the community. Such activities must involve ongoing consultation with groups of local residents;

(2) at least $10,000,000 is for grants to nonprofits with experience working with businesses to acquire and hold property within the city of St. Paul in areas adversely affected by the civil unrest during the peacetime emergency declared in governor's Executive Order No. 20-64, to prevent displacement, retain existing businesses, and maintain the character of the community. Such activities must involve ongoing consultation with groups of local residents; and

(3) at least $5,000,000 is for grants to nonprofits with experience working with businesses to acquire and hold property in areas outside of the cities of Minneapolis and St. Paul that
were adversely affected by civil unrest during the peacetime emergency declared in governor's
Executive Order No. 20-64, to prevent displacement, retain existing businesses, and maintain
the character of the community. These activities must involve ongoing consultation with
groups of local residents.

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

**ARTICLE 3**

**TAX PROVISIONS FOR AFFECTED PROPERTIES**

Section 1. Minnesota Statutes 2020, section 297A.71, is amended by adding a subdivision
to read:

Subd. 53. **Properties destroyed or damaged during protests and unrest in May and**
**June of 2020.** (a) The sale and purchase of the following items are exempt if the items are
used to repair, replace, clean, or otherwise recover from real and personal property damage
and destruction after May 24, 2020, and before June 16, 2020, resulting from protests and
unrest in the cities included in the peacetime emergency declared in the governor's Executive
Order No. 20-64:

(1) building materials and supplies used or consumed in, and equipment incorporated
into, the construction, replacement, or repair of real property;

(2) capital equipment, including retail fixtures, office equipment, and restaurant
equipment, with a cost of $5,000 or more and a useful life of more than one year; and

(3) building cleaning and disinfecting services related to mitigating smoke damage and
graffiti on and in impacted buildings.

(b) The exemption in this subdivision only applies to materials, supplies, and services
purchased to repair, replace, or clean buildings owned by a government entity or by a private
owner provided the building housed one or more of the following entities at the time of the
damage or destruction:

(1) a commercial establishment with annual gross income of $30,000,000 or less in
calendar year 2019;

(2) a nonprofit organization; or

(3) a low-income housing development that meets the certification requirements under
section 273.128, whether or not the development was occupied at the time of its damage or
destruction.
(c) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. The exemption under paragraph (a) applies to sales and purchases made after May 25, 2020, and before December 1, 2022.

(d) Both the owner and occupants of the real property at the time of the damage or destruction may apply for a refund under this subdivision but may only request a refund for the goods and services they paid for, or were contracted and paid for on their behalf. The exemption does not apply to purchases of an owner if the owner did not own the real property at the time of the damage or destruction.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively to sales and purchases made after May 25, 2020.

Sec. 2. Minnesota Statutes 2020, section 297A.75, subdivision 1, is amended to read:

**Subdivision 1. Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

1. building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
2. building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
3. building materials for correctional facilities under section 297A.71, subdivision 3;
4. building materials used in a residence for veterans with a disability exempt under section 297A.71, subdivision 11;
5. elevators and building materials exempt under section 297A.71, subdivision 12;
6. materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
7. materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
8. equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
(9) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, paragraph (a), clause (10); 
(10) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40; 
(11) materials, supplies, and equipment for construction, improvement, or expansion of a biopharmaceutical manufacturing facility exempt under section 297A.71, subdivision 45; 
(12) enterprise information technology equipment and computer software for use in a qualified data center exempt under section 297A.68, subdivision 42; 
(13) materials, supplies, and equipment for qualifying capital projects under section 297A.71, subdivision 44, paragraph (a), clause (1), and paragraph (b); 
(14) items purchased for use in providing critical access dental services exempt under section 297A.70, subdivision 7, paragraph (c); 
(15) items and services purchased under a business subsidy agreement for use or consumption primarily in greater Minnesota exempt under section 297A.68, subdivision 44; 
(16) building materials, equipment, and supplies for constructing or replacing real property exempt under section 297A.71, subdivisions 49; 50, paragraph (b); and 51; and 
(17) building materials, equipment, and supplies for qualifying capital projects under section 297A.71, subdivision 52; and 
(18) building materials, equipment, supplies, and capital equipment for constructing or replacing real property, and cleaning and disinfecting services for impacted property exempt under section 297A.71, subdivision 53.

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

Sec. 3. Minnesota Statutes 2020, section 297A.75, subdivision 2, is amended to read:

**Subd. 2. Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

(1) for subdivision 1, clauses (1), (2), and (14), the applicant must be the purchaser;

(2) for subdivision 1, clause (3), the applicant must be the governmental subdivision;
(3) for subdivision 1, clause (4), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;

(4) for subdivision 1, clause (5), the applicant must be the owner of the homestead property;

(5) for subdivision 1, clause (6), the owner of the qualified low-income housing project;

(6) for subdivision 1, clause (7), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;

(7) for subdivision 1, clauses (8), (11), (12), and (15), the owner of the qualifying business;

(8) for subdivision 1, clauses (9), (10), (13), and (17), the applicant must be the governmental entity that owns or contracts for the project or facility; and

(9) for subdivision 1, clause (16), the applicant must be the owner or developer of the building or project; and

(10) for subdivision 1, clause (18), the applicant must be an owner or occupant of the real property at the time of its damage or destruction.

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

Sec. 4. PROPERTY TAX RELIEF FOR PROPERTIES DAMAGED BY FIRE OR VANDALISM.

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

(b) "Damage amount" means the difference between (1) a property's estimated market value as determined on January 2, 2020, and (2) the property's estimated market value as determined under subdivision 4.

(c) "Qualifying property" means a property that:

(1) is located in the area included in the peacetime emergency declared in the governor's Executive Order No. 20-64;

(2) was damaged or destroyed due to the unrest in the cities of Minneapolis and St. Paul and surrounding communities after May 24, 2020, and before June 16, 2020; and

(3) has a damage amount equal to at least 25 percent of the property's estimated market value, excluding the value of the land, as determined on January 2, 2020.
(d) "Utility property" means property appraised and classified for tax purposes by order
of the commissioner of revenue under Minnesota Statutes, sections 273.33 to 273.3711.

Subd. 2. Application. The owner of a property that is not a utility property must apply
to the county board and county or local assessor by ......., in a manner prescribed by the
assessor, in order to be eligible for an abatement under subdivision 3 or a valuation freeze
under subdivision 5. The owner of a utility property must apply to the commissioner of
revenue by ......., in a manner prescribed by the commissioner, in order to be eligible for an
abatement under subdivision 3 or a valuation freeze under subdivision 5.

Subd. 3. Abatements. (a) Notwithstanding Minnesota Statutes, sections 270C.86 and
375.192, the county board and commissioner of revenue must grant abatements in the
amounts provided in paragraphs (b) and (c) for qualifying properties that (1) submitted an
application under subdivision 2, and (2) have not received abatements or credits under
Minnesota Statutes, sections 273.1231 to 273.1235, for a disaster or emergency that occurred
in 2020.

(b) For a qualifying property with a damage amount equal to less than 50 percent of the
property's estimated market value, excluding the value of the land, as determined on January
2, 2020, the abatement amount is equal to 50 percent of the net property tax due on the
property in 2020.

(c) For a qualifying property with a damage amount equal to at least 50 percent of the
property's estimated market value, excluding the value of the land, as determined on January
2, 2020, the abatement amount is equal to 100 percent of the net property tax due on the
property in 2020.

(d) If application is made after payment of all or a portion of the taxes being abated, the
portion of the abatement already paid must be refunded to the taxpayer by the county
treasurer as soon as practicable.

Subd. 4. Reassessments required. For the purposes of this section, the county or local
assessor must reassess all damaged property for which an application is submitted under
subdivision 2, except that the commissioner of revenue must reassess all utility property
for which an application is submitted under subdivision 2.

Subd. 5. Valuation increase prohibited. (a) The estimated market value for qualifying
properties that submit an application under subdivision 2 must not exceed the property's
estimated market value as determined under subdivision 4 until assessment year 2025,
provided that the property retains the same ownership it had as of May 25, 2020.
Owners of property meeting the requirements of this subdivision must submit any information the county or local assessor or commissioner of revenue deems necessary to determine continued eligibility under this subdivision by December 15 of each year prior to the assessment year for which the property qualifies under paragraph (a).

Subd. 6. Reimbursement and appropriation. (a) The county auditor must certify the abatements granted under this section to the commissioner of revenue for reimbursement to each taxing jurisdiction in which qualifying property is located. The commissioner must make the payments to the taxing jurisdictions containing qualifying property, other than school districts and the state, at the time distributions are made under Minnesota Statutes, section 473H.10, subdivision 3. Reimbursements to school districts must be made as provided in Minnesota Statutes, section 273.1392. No reimbursement is to be paid to the state treasury.

(b) An amount necessary to make payments required by this section is appropriated to the commissioner of revenue from the general fund in fiscal year 2021.

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