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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 2637

05/14/2021 Authored by Lillie; Murphy; Jordan; Xiong, J.; Pelowski and others
The bill was read for the first time and referred to the Committee on Legacy Finance

1.1 A bill for an act
1.2 relating to arts and cultural heritage; appropriating money for the cultural
1.3 community rescue restart grant program; requiring a report.

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

1.5 Section 1. CULTURAL COMMUNITY RESCUE RESTART GRANTS.

1.6 Subdivision 1. Definitions. (a) For the purposes of this section, the terms in this
1.7 subdivision have the meanings given.

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

1.9 (c) "Eligible organization" means a nonprofit organization the commissioner determines
1.10 to be eligible under subdivision 3.

1.11 Subd. 2. Appropriation. (a) \$100,000,000 in fiscal year 2022 is appropriated from the
1.12 state fiscal recovery fund to the commissioner for grants to nonprofit arts and cultural
1.13 organizations that have suffered financial losses during the COVID-19 pandemic.

1.14 (b) For the purposes of this act, "state fiscal recovery fund" means funds received by
1.15 the state pursuant to Section 9901 of the American Rescue Plan Act, Public Law 117-2.
1.16 This is a onetime appropriation and is available until December 31, 2023. Any funds not
1.17 spent by eligible organizations by December 31, 2023, must be returned to the commissioner
1.18 and canceled back to the general fund.

1.19 Subd. 3. Eligible grantees; grant provisions. (a) To be eligible for a grant under this
1.20 subdivision, a nonprofit must:

1.21 (1) be a 501(c)(3) or equivalent not-for-profit arts or cultural organization;

2.1 (2) have primary operations located in the state of Minnesota;

2.2 (3) have received funding in fiscal year 2019 or fiscal year 2020 from the arts and cultural
2.3 heritage fund, the Minnesota State Arts Board, one of the regional arts councils, the
2.4 Minnesota Humanities Center, or the Minnesota Historical Society and must have conformed
2.5 to all granting requirements for that previous funding;

2.6 (4) have been an entity operating on May 1, 2020, and be able to demonstrate the
2.7 nonprofit will likely be an operating entity on May 1, 2022;

2.8 (5) have experienced financial hardship as a result of the COVID-19 pandemic and be
2.9 able to demonstrate at least a 25 percent reduction in gross receipts between comparable
2.10 quarters in 2019 and 2020; and

2.11 (6)(i) be coded in the North American Industry Classification System (NAICS) as 7111
2.12 Performing Arts Companies, 712110 Museum, 51112 Periodical Publishers, 51113 Book
2.13 Publishers, or 511199 All Other Publishers; or

2.14 (ii) if coded under a different North American Industry Classification System category,
2.15 maintain a budget for the arts and cultural affiliate's activities that is separate and distinct
2.16 from the host institution's budget that can be documented through financial statements; have
2.17 a citizen advisory or governing board independent from the host organization's board that
2.18 provides community oversight of the affiliate's activities as distinct from the host
2.19 organization's activities; demonstrate receipt of charitable arts support from multiple sources
2.20 beyond support from the host institution; provide arts and cultural programming or services
2.21 that are intended to primarily serve the general public in Minnesota and not just for a host
2.22 institution and its constituency; have a professional staff with expertise, training, and
2.23 qualifications in bringing arts and cultural programming or services to the public; and show
2.24 evidence of a broad community following of the arts and cultural programs it offers, as
2.25 demonstrated by season ticket sales, public classes attendance, or a charitable membership
2.26 program dedicated to its arts and cultural programs.

2.27 (b) Eligible organizations or host institutions must apply for a cultural community rescue
2.28 restart grant. No eligible organization or host institution may receive more than one grant.
2.29 Grants must be distributed as follows:

2.30 (1) grants to eligible arts and cultural organizations under the NAICS codes 7111, 712110,
2.31 51112, 51113, or 511199 will be awarded based on total revenue reported in the 2019 IRS
2.32 990 report as follows:

2.33 (i) revenue of \$20,000,000 or more receive \$725,000 each;

- 3.1 (ii) revenue of \$9,000,000 to \$19,999,999 receive \$300,000 each;
3.2 (iii) revenue of \$1,750,000 to \$8,999,999 receive \$130,000 each;
3.3 (iv) revenue of \$500,000 to \$1,749,999 receive \$90,000 each;
3.4 (v) revenue of \$150,000 to \$499,999 receive \$50,000 each;
3.5 (vi) revenue of \$25,000 to \$149,999 receive \$20,000 each; and
3.6 (vii) revenue of under \$25,000 receive \$10,000 but may not exceed 100 percent of 2019
3.7 revenue; and

3.8 (2) eligible organizations coded under any other NAICS category will be awarded based
3.9 on the combined arts and culture 2019 program revenue of the host institution as follows:

- 3.10 (i) revenue of \$20,000,000 or more receive \$725,000 each;
3.11 (ii) revenue of \$9,000,000 to \$19,999,999 receive \$300,000 each;
3.12 (iii) revenue of \$1,750,000 to \$8,999,999 receive \$130,000 each;
3.13 (iv) revenue of \$500,000 to \$1,749,999 receive \$90,000 each;
3.14 (v) revenue of \$150,000 to \$499,999 receive \$50,000 each;
3.15 (vi) revenue of \$25,000 to \$149,999 receive \$20,000 each; and
3.16 (vii) revenue of under \$25,000 receive \$10,000 but may not exceed 100 percent of 2019
3.17 revenue.

3.18 The commissioner may develop forms, applications, and reporting requirements for use by
3.19 eligible organizations. All organizations applying for a grant must include as part of their
3.20 application a plan for continued operation.

3.21 (c) Only revenues that can be confirmed as being spent for the benefit of Minnesotans
3.22 are eligible for the calculation of grants under this section. Grant funding must be used for
3.23 operating expenses for the organizations that qualify.

3.24 (d) All grants and grant-making processes under this section are exempt from Minnesota
3.25 Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The
3.26 commissioner must audit the use of grant funds under this section in accordance with standard
3.27 accounting practices. The exemptions under this paragraph expire on December 30, 2021.

3.28 Subd. 4. **Report to the legislature.** By January 15, 2023, the commissioner must submit
3.29 a report to the chairs and ranking minority members of the legislative committees with
3.30 jurisdiction over state government detailing the use of funds under this section.

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