2023 CGMC Policy Positions: Economic Development

To help spur lasting improvements to our state's economic climate and help Greater Minnesota recover from the prolonged impacts of the COVID-19 pandemic, CGMC supports the following economic positions in the 2023 legislative session:

1. Greater Minnesota Housing

Greater Minnesota's workforce housing market is broken, impeding the ability of communities to grow, thrive, and attract workers. The combination of high construction costs and inflationary pressures, challenges attracting outside investments, and prevailing rents do not produce enough single-family or multi-family housing to replace aging units or add to existing housing stock. To address Greater Minnesota's housing challenges, CGMC supports the following policies and programs:

- Appropriations and tax credits designed to increase the supply of housing units in communities.
- Workforce housing programs that have no income or population restrictions, and which are focused on economic development in Greater Minnesota.
- Creation or support and to adequately fund state grants to assist cities in rehabilitating dilapidated housing, aiding cities to preserve existing housing stock.
- Creation or support and to adequately fund state grants to cities to help fund infrastructure needed to expand or increase housing availability.
- CGMC encourages the legislature to support the development of additional senior housing options in rural Minnesota, recognizing that additional housing options of all types will lead to greater availability of single-family homes.
- CGMC encourages the legislature to evaluate the effectiveness of Minnesota Housing Finance Agency (MHFA) programs to ensure housing challenges are addressed in an equitable manner between the metropolitan area and Greater Minnesota. Explore the concept of a block-grant program to allow for more autonomy and flexibility to cities in Greater Minnesota.
- The legislature should fund affordable or workforce housing programs at a level that accounts for the cost of prevailing wage regulations in housing construction or should seek reforms in the program to reduce those costs.

2. Greater Minnesota Child Care

CGMC believes every family in Greater Minnesota should have access to high-quality, affordable childcare. To accomplish this, we need to increase the number of childcare providers serving Greater Minnesota, increase the number of childcare slots available, and improve the quality of care provided to our children. To advance these goals, CGMC supports the following state policy initiatives:

- Investment of both bonding dollars and general fund appropriations in the Greater Minnesota Child Care Facility Capital Grant Program.
- Additional appropriations for DEED childcare programs and to support ongoing childcare work being performed by the Minnesota Initiative Foundations.

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- Regulatory market reforms that allow providers to operate financially sustainable businesses while ensuring child safety.

3. **Greater MN Business Development Public Infrastructure (BDPI) Grant Program**
   CGMC supports at least $20 million in bonding in the 2023-24 biennium for the BDPI grant program and an increase to the general fund appropriation to at least $2.5 million for each year of the 2023-24 biennium. The CGMC believes that the program should remain a competitive, stand-alone program administered by the Department of Employment and Economic Development (DEED) and targeted only to Greater Minnesota.

4. **Minnesota Historic Structure Rehabilitation Tax Credit**
   Reinstatement of Minnesota's Historic Structure Rehabilitation Tax Credit. This is a 20% state tax credit for qualified historic rehabilitations and parallels the existing federal tax credit. The program did sunset in 2022.

5. **Greater Minnesota Workforce Development**
   Shortages of qualified workforce throughout the state deeply impact the ability of cities to develop and grow. Without access to skilled workers, new businesses cannot develop, and existing businesses cannot expand. Shortages also limit the ability of cities to maintain their own qualified workforce. CGMC supports the following policies to address these challenges:
   - CGMC supports the Job Training Incentive Program and any necessary updates to make the program more responsive to the needs of Greater Minnesota employers. The program (JTIP/ATIP) should have an ongoing base budget of at least $10 million annually.
   - CGMC supports the Automation Training Incentive Program (ATIP) and any necessary updates to make the program more responsive to the automation needs of Greater Minnesota employers.
   - Given the importance of a highly skilled labor force to Greater Minnesota's economy, CGMC encourages state policymakers to evaluate the current funding and structure of Minnesota's technical schools to determine if needs are being met. CGMC further supports programs and policy changes that enable technical schools and high schools to better address the workforce needs faced by Greater Minnesota communities.
   - Given the reduction of trade-based programming in many Minnesota secondary schools, CGMC supports the creation of technical equipment grant programs specific to supporting education in trade-based careers.
   - CGMC supports exploring methods to encourage adequate and quality instructors within our secondary school's trade based educational programs.
   - CGMC supports the concept of providing more opportunities for young learners to be exposed to trade-based programs.
   - CGMC supports the exploration of evaluating educational programs, certificates, and degrees on relative metrics in lieu of by graduating students.
   - CGMC supports the creation of programs and incentives to keep Greater Minnesota's current workforce in place while also working to attract and train new workers.

6. **Broadband Expansion**

CGMC supports a strong Border-to-Border Broadband Development grant program targeted at supporting economic development in Greater Minnesota. If the administration or legislature propose additional funding for the Border-to-Border Broadband Development Grant Program, at least half of any appropriation should be available for those areas that have service that does not meet the 2026 state speed goals. The CGMC opposes policies that limit how much grant dollars can be spent in these areas. The CGMC also opposes the challenge processes, which gives large providers power to determine that a community shouldn't receive a grant.

7. **Bonding and Infrastructure in Greater Minnesota**
   Bonding bills should focus on local roads and bridges, wastewater, and other infrastructure that grows local economies in Greater Minnesota. In addition, of projects identified as being in the metro area or Greater Minnesota, at least 50% of all capital investment funding should be directed at Greater Minnesota.

8. **Multi-use Trails**
   CGMC supports continued development of multi-use trails in Greater Minnesota. These trails assist in the recruitment of workers for rural manufacturers and other businesses as well as generating economic development for Greater Minnesota.

9. **Minnesota Investment Fund, Job Creation Fund, Brownfields Program, Redevelopment Grant Program, Demolition Loan Program, and Greater MN Job Expansion Program**
   CGMC supports increased funding for the Minnesota Investment Fund (MIF), the Job Creation Fund, the Brownfields Program, the Redevelopment Grant Program, the Demolition Loan Program, and the Greater MN Job Expansion Program. CGMC supports any additional changes that provides a more balanced distribution of funding between the metro area and Greater Minnesota. CGMC further supports changes to these programs that recognize the distinctions between how the programs are most effectively deployed in Greater Minnesota and the metro area. CGMC supports modifying the Redevelopment Grant Program to raise the cap on the share of state dollars that can be used for Greater Minnesota projects. Moreover, CGMC supports any effort by the legislature to evaluate these programs to ensure they are meeting the goals set by the legislature.
   - CGMC supports a more user-friendly state agency process for grant applications as well as a more practical geographical reform around employer location(s).

10. **Modify Tax Increment Finance Rules to Support Greater Minnesota Communities**
    CGMC supports legislative initiatives to modify Tax Increment Financing (TIF) options in ways that recognize the unique challenges faced by Minnesota communities seeking to redevelop blighted areas, support infrastructure, and other measures that increase flexibility. TIF should also be permitted to support the creation of new market rate housing in communities with an identifiable housing shortage and a market where the cost of production is greater than the market rate.
    CGMC supports the following policies to address these challenges:

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- Modify the five-year rule for activity expenditures to ten years for TIF districts created in Greater Minnesota going forward.
- Remove or relax the income restrictions for housing TIF districts created in challenged areas of Greater Minnesota going forward.

11. **Airport Infrastructure Renewal (AIR) Grants Program**
    CGMC supports the Airport Infrastructure Renewal (AIR) Grants Program, and an adequate funding level, which is designed to provide infrastructure grants to local governments and airport authorities in Greater Minnesota to help spur economic development, expand tax base, or enhance jobs by enhancing the ability of airport or airport-adjacent property to be used for economic development.