

March 26, 2025

Re: HF2440

Dear Chairs Pinto and Baker and members of the Workforce, Labor and Economic Development Finance and Policy Committee,

On behalf of the Economic Development Association of Minnesota (EDAM), we are reaching out with concerns about the proposed base budget cuts included in HF2440, the Governor's revised DEED Budget Recommendations. EDAM's membership is comprised of over 550 of the leading economic developers in the state of Minnesota. Our members use the programs in DEED's Business and Community Development portfolio every day to support the attraction, retention and expansion of businesses that are key to the state's economic vitality. This portfolio of programs supports key community needs, and these programs include guardrails that ensure that the investment of taxpayer dollars supports the creation of good jobs that pay family-sustaining wages.

It is therefore concerning to our membership that the Governor's revised DEED Budget Recommendations would propose making cuts to the base funding for key programs across the next two biennium. The Governor's proposed base budget cuts that our membership are most concerned about include:

- Contaminated Site Cleanup & Investigation Grants - \$1.5 million FY26-27 and FY28-29
- Job Creation Fund - \$6.223 million FY26-27 and \$4.8 million FY28-29
- Emerging Entrepreneur Loan Program - \$1 million FY26-27 and FY28-29
- Small Business Assistance Partnership Grant Program - \$2 million FY26-27 and FY28-29
- Redevelopment Grant Program - \$2 million FY26-27 and FY28-29

These reductions will have impacts in communities throughout the state:

- With about half as many Contaminated Site Cleanup and Investigation Grant dollars and about half as many Redevelopment grant program funds, communities will receive significantly less resources to put contaminated and disinvested sites into productive use. More dilapidated and deteriorating structures will remain in communities and the state will lose out on the property tax increases, private investments and job creation and retention this program leverages.
- Cutting the Small Business Assistance Partnership Grant Program almost in half and the Emerging Entrepreneur Loan Program in half will significantly reduce the technical assistance available to support small businesses and entrepreneurs so they can successfully start, grow and thrive. There will also be fewer lending dollars available to support those entrepreneurs when they are just starting out, limiting entrepreneurship in the state and reducing key investments in future Main Street businesses.
- Finally, with about half as many Job Creation Fund dollars available, there will be less resources to attract and retain businesses who pay family-sustaining wages and leverage significant private investment. Minnesota will lose out in both supporting our current business growth and in attracting new businesses to our state.

The Economic Development Association of Minnesota (EDAM) is a statewide association representing more than 550 public and private sector professionals who implement state, regional, or local economic development initiatives. EDAM members support continued investment in economic development programs that: (1) All Minnesotans can engage with and benefit from local economies in equitable ways; and (2) ensure Minnesota remains competitive with other economies, both nationally and internationally.

EDAM's members work every day to support community needs and to make public investments that support good jobs and economic vitality. Funding these tools at the levels needed to sustain this work is critical to the state's future economic success and we urge the Committee to not follow the Governor's recommendations to cut the base budgets of these key programs.

Sincerely,

A handwritten signature in black ink that reads "Eric Maass". The signature is written in a cursive, slightly slanted style.

Eric Maass, AICP, EDFP
Community Development Director, City of Chanhassen
EDAM President