

**SENATE
STATE OF MINNESOTA
FIFTH SPECIAL SESSION**

S.F. No. 31

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DATE
10/15/2020

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Introduction and first reading
Referred to Rules and Administration

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to economic development; amending grant eligibility requirements;
- 1.3 amending Laws 2020, First Special Session chapter 1, section 4.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. Laws 2020, First Special Session chapter 1, section 4, is amended to read:
- 1.6 Sec. 4. **SMALL BUSINESS RELIEF GRANTS; APPROPRIATION.**
- 1.7 (a) \$60,000,000 in fiscal year 2020 is appropriated from the coronavirus relief fund to
- 1.8 the commissioner of employment and economic development for grants under paragraph
- 1.9 (b). Funds are available until December 30, 2020.
- 1.10 (b) Of the amounts appropriated in paragraph (a) and in section 3:
- 1.11 (1) \$31,250,000 is for a grant to the Minnesota Initiative Foundations to serve businesses
- 1.12 in greater Minnesota; and
- 1.13 (2) \$31,250,000 is for grants to nonprofit corporations that meet the criteria under the
- 1.14 small business emergency loan program pursuant to Laws 2020, chapter 71, section 11, to
- 1.15 serve businesses in the seven-county metropolitan area. The Department of Employment
- 1.16 and Economic Development shall select from the approved lenders a list of those lenders
- 1.17 that have the capacity to operate the small business relief grants program.
- 1.18 (c) No more than \$2,200,000 of the amounts available under paragraph (b) may be used
- 1.19 for administrative costs incurred from making grants under this section.
- 1.20 (d) Grant recipients under paragraph (b) shall use funds to make grants of up to \$10,000
- 1.21 to individual businesses, including any subgrantees, that:

(1) are located in the state of Minnesota and owned by a permanent resident of the state of Minnesota;

(2) have a permanent physical location;

(3) ~~were~~ are in good standing with the secretary of state and the Department of Revenue as of ~~March 1, 2020~~ the date of grant disbursement;

(4) employ the equivalent of 50 full-time workers or less; and

(5) can demonstrate financial hardship as a result of the COVID-19 outbreak.

Priority shall be given to businesses that were restricted from operating by an executive order on May 18, 2020, such that the business could not operate at least at 51 percent of normal capacity. Grant funds received by individual businesses shall be used for working capital to support payroll expenses, rent, mortgage payments, utility bills, and other similar expenses that occur or have occurred since March 1, 2020, in the regular course of business.

(e) Of the amount granted under paragraph (b):

(1) a minimum of \$18,000,000 must be awarded to businesses that employ the equivalent of six full-time workers or less;

(2) a minimum of \$15,000,000 must be awarded as follows: (i) at least \$10,000,000 to minority business enterprises, as defined in Minnesota Statutes, section 116M.14, subdivision 5; (ii) at least \$2,500,000 to businesses that are majority owned and operated by veterans as defined in Minnesota Statutes, section 197.447; and (iii) at least \$2,500,000 to businesses that are majority owned and operated by women; and

(3) a minimum of \$2,500,000 is for grants to operators of a privately owned permanent indoor retail space and food market that has an ethnic cultural emphasis having at least 25 tenants primarily comprised of businesses with fewer than 20 employees. Grants under this clause: (i) may be made for up to \$250,000 per operator and of that amount all but \$10,000 of any grant must be made as subgrants to existing tenants of the operator; (ii) must be used primarily for maintaining existing tenants; and (iii) require that at least 50 percent of the grant be used to forgive the rent of existing tenants. A tenant subgrantee is subject to the requirements in paragraph (d).

(f) Grants under this section may not be made to a business that previously received a loan with funds appropriated in Laws 2020, chapter 71, article 1, section 11. Eligible businesses may not receive more than one grant under this section.

3.1 (g) The commissioner may develop criteria, forms, applications, and reporting
3.2 requirements for use by the grantees in paragraph (b).

3.3 (h) Grants under paragraph (d) must be awarded by lottery after applications are collected
3.4 over a period of no more than ten calendar days. Grants must be awarded by December 30,
3.5 2020.

3.6 (i) Grants and the process of making grants under this section are exempt from the
3.7 following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3;
3.8 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner of employment and
3.9 economic development shall audit the use of grant funds under this section in accordance
3.10 with standard accounting practices. The exemptions under this paragraph expire on December
3.11 30, 2020.

3.12 (j) By December 31, 2020, the commissioner shall report to the legislative committees
3.13 with jurisdiction over economic development policy and finance on the grants provided to
3.14 grantees and any subgrantees under this section.

3.15 **EFFECTIVE DATE.** This section is effective retroactively from June 15, 2020.