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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2033

03/10/2025 Authored by Smith and Frazier

The bill was read for the first time and referred to the Committee on Commerce Finance and Policy

03/17/2025 By motion, recalled and re-referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy

1.1 A bill for an act

1.2 relating to cannabis; amending the maximum amount of state contributions to
1.3 cannabis microbusinesses; amending the commissioner's deadline to approve loan
1.4 applications; allowing nonprofit corporations to retain loan interest payments to
1.5 cover expenses; requiring loan interest rates to be reported; allowing nonprofit
1.6 corporations to use contract funds to cover expenses; amending Minnesota Statutes
1.7 2024, sections 116J.659, subdivisions 4, 5; 116J.6595, subdivision 3.

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

1.9 Section 1. Minnesota Statutes 2024, section 116J.659, subdivision 4, is amended to read:

1.10 Subd. 4. **Loans to businesses.** (a) The criteria in this subdivision apply to loans made
1.11 by nonprofit corporations under the program.

1.12 (b) Loans must be used to support a new cannabis microbusiness in the legal cannabis
1.13 industry. Priority must be given to loans to businesses owned by individuals who are eligible
1.14 to be social equity applicants and businesses located in communities where long-term
1.15 residents are eligible to be social equity applicants.

1.16 (c) Loans must be made to cannabis microbusinesses that are not likely to undertake the
1.17 project for which loans are sought without assistance from the program.

1.18 (d) The minimum state contribution to a loan is \$2,500 and the maximum is either:

1.19 (1) ~~\$50,000~~ \$75,000; or

1.20 (2) ~~\$150,000~~ \$200,000, if state contributions are matched by ~~an equal or greater amount~~
1.21 at least 25 percent of new private investment.

1.22 (e) Loan applications given preliminary approval by the nonprofit corporation must be
1.23 forwarded to the commissioner for approval. The commissioner must ~~give final approval~~

~~for each loan made by the nonprofit corporation under the program~~ make approval decisions within 30 days of receiving a loan application. If the application contains insufficient information to make an approval decision, the nonprofit corporation must be notified within 14 days with all information that needs to be provided.

(f) A cannabis microbusiness that receives a loan may apply to renew the loan. Renewal applications must be made on an annual basis and a cannabis microbusiness may receive loans for up to six consecutive years. A nonprofit corporation may renew a loan to a cannabis microbusiness that is no longer a new business provided the business would otherwise qualify for an initial loan and is in good standing with the nonprofit corporation and the commissioner. A nonprofit corporation may adjust the amount of a renewed loan, or not renew a loan, if the nonprofit corporation determines that the cannabis microbusiness is financially stable and is substantially likely to continue the project for which the loan renewal is sought.

(g) If a borrower has met lender criteria, including being current with all payments for a minimum of three years, the commissioner may approve either full or partial forgiveness of interest or principal amounts.

Sec. 2. Minnesota Statutes 2024, section 116J.659, subdivision 5, is amended to read:

Subd. 5. **Revolving loan account administration.** (a) The commissioner shall establish a minimum interest rate for loans or guarantees to ensure that necessary loan administration costs are covered. ~~The fee or interest rate charged by a nonprofit corporation for a loan under this section must not exceed the Wall Street Journal prime rate. For a loan under this section, the nonprofit corporation may charge a loan origination fee equal to or less than one percent of the loan value. The nonprofit corporation may retain the amount of the origination fee.~~

(b) Loan repayment of principal must be paid to the commissioner for deposit in the CanStartup revolving loan account. ~~Loan interest payments must be deposited in a revolving loan account created by the nonprofit corporation originating the loan being repaid for further distribution or use, consistent with the criteria of this section~~ may be retained by the nonprofit corporation originating the loan to help cover expenses for loan servicing and origination.

(c) Administrative expenses of the nonprofit corporations with whom the commissioner enters into agreements, including expenses incurred by a nonprofit corporation in providing technology, insurance, legal, audit and accounting, reporting, financial, technical, managerial,

and marketing assistance to a business receiving a loan under this section, are eligible program expenses the commissioner may agree to pay under the grant agreement.

(d) Average interest rates charged by the nonprofit corporations must be reported biannually and publicly published by both the agency and the nonprofit corporation.

Sec. 3. Minnesota Statutes 2024, section 116J.6595, subdivision 3, is amended to read:

Subd. 3. Grants to organizations. (a) Grant money awarded to eligible organizations may be used for both developing technical assistance resources relevant to the regulatory structure of the legal cannabis industry and for providing technical assistance or navigation services to individuals.

(b) The commissioner must award grants to eligible organizations through a competitive grant process.

(c) To receive grant money, an eligible organization must submit a written application to the commissioner, using a form developed by the commissioner, explaining the organization's ability to assist individuals in navigating the regulatory structure of the legal cannabis industry, particularly individuals facing barriers to education or employment.

(d) An eligible organization's grant application must also include:

(1) a description of the proposed technical assistance or navigation services, including the types of individuals targeted for assistance;

(2) any evidence of the organization's past success in providing technical assistance or navigation services to individuals, particularly individuals who live in areas where long-term residents are eligible to be social equity applicants;

(3) an estimate of the cost of providing the technical assistance;

(4) the sources and amounts of any nonstate money or in-kind contributions that will supplement grant money, including any amounts that individuals will be charged to receive assistance; and

(5) any additional information requested by the commissioner.

(e) In awarding grants under this subdivision, the commissioner shall give weight to applications from organizations that demonstrate a history of successful technical assistance or navigation services, particularly for individuals facing barriers to education or employment. The commissioner shall also give weight to applications where the proposed technical assistance will serve areas where long-term residents are eligible to be social equity applicants. To the extent practicable, the commissioner shall fund technical assistance for

4.1 a variety of sectors in the legal cannabis industry, including both processing and retail
4.2 sectors.

4.3 (f) Nonprofit corporations may use up to 15 percent of the contract funds for expenses
4.4 incurred while administering the contract, including but not limited to expenses related to
4.5 technology, utilities, legal services, training, accounting, insurance, financial management,
4.6 benefits, reporting, and audits.