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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4342

03/16/2026 Authored by Frazier, Agbaje, Hollins, Clardy, Xiong and others
The bill was read for the first time and referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy

A bill for an act

relating to economic development; establishing a relief program for small businesses negatively impacted by federal enforcement activity; requiring a report; appropriating money.

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

Section 1. **SMALL BUSINESS RELIEF GRANTS.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development must establish a relief program for small businesses negatively impacted by federal enforcement activity between July 1, 2025, and February 28, 2026.

Subd. 2. **Grants to operators.** (a) Grantees under section 2 are allowed to make subgrants to operators of privately owned permanent indoor spaces that:

(1) host retail spaces or food markets;

(2) have at least 25 tenant businesses that are primarily businesses with fewer than 20 employees; and

(3) have a cultural emphasis.

(b) Grants under this subdivision may be made for up to $250,000 per operator. Of that amount, all but $10,000 of each grant must be used for subgrants from the operator to businesses that are existing tenants of that operator. These subgrants to tenants:

(1) must be used primarily for maintaining the operator's existing tenants;

(2) require that at least 50 percent of the grant be used to forgive the existing tenant's rent; and

(3) are subject to the requirements under subdivisions 3 and 4.

Subd. 3. **Eligible businesses.** To be eligible for a grant under this section, a business must:

(1) have primary business operations located in the state of Minnesota;

(2) be at least 50 percent owned by a resident of the state of Minnesota;

(3) do business out of a permanent physical location;

(4) be in good standing with the secretary of state and the Department of Revenue as of the date the grant agreement is signed;

(5) be able to demonstrate at least a 20 percent decline in either revenue or sales when comparing the period of July 1, 2024, through February 28, 2025, and the period of July 1, 2025, through February 28, 2026; and

(6) employ the equivalent of 50 full-time workers or less.

Subd. 4. **Eligible uses.** (a) Businesses may use grant funds for the following purposes:

(1) payroll and contractor payments;

(2) commercial rent and mortgages;

(3) utilities payments;

(4) inventory replacement;

(5) security upgrades; and

(6) working capital.

(b) Grant funds may not be used to refinance debt that existed before December 1, 2025.

Subd. 5. **Grant process.** (a) The commissioner of employment and economic development must develop criteria, forms, applications, and reporting requirements for use by grantees.

(b) Grants funded under section 2, paragraph (a), clause (1), must be awarded by lottery after applications are collected over a period of no more than ten calendar days. Grants must be awarded by October 31, 2026.

(c) Grants funded under section 2, paragraph (a), clause (2), must be awarded by lottery after applications are collected over a period of no more than ten calendar days. Grants must be awarded by July 31, 2026.

(d) Grants funded under section 2, paragraph (a), clause (3), must be awarded by lottery after applications are (1) collected over a period of no more than ten calendar days, and (2) verified to not be from businesses that already received a grant under paragraph (c). Grants must be awarded by October 31, 2026.

(e) The minimum grant amount for a business is $5,000 and the maximum grant amount for a business per location is $25,000. Each entity conducting a lottery may determine the amount that will be granted to successful applicants, within those limits.

Subd. 6. **Report.** By December 31, 2026, the commissioner of employment and economic development must submit a report that details the use of grant funds to the chairs and ranking minority members of the legislative committees having jurisdiction over economic development. This report must include data on the number of businesses served and any evidence of a positive impact on economic development from the grants.

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

Sec. 2. **SMALL BUSINESS RELIEF GRANTS; APPROPRIATION.**

(a) $100,000,000 in fiscal year 2026 is appropriated from the general fund to the commissioner of employment and economic development for small business relief grants under section 1. Of this amount:

(1) $..... is for grants to the Minnesota Initiative Foundations to make grants under section 1 in greater Minnesota. The commissioner must issue a request for proposals to select these grantees;

(2) $..... is for grants to nonprofit corporations that meet the criteria under section 116M.18, subdivision 2, and are current certified nonprofit partners, to make grants under section 1 in the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. The commissioner must select from the approved lenders a list of those lenders that have the capacity to operate the small business relief grants program; and

(3) $..... is for grants to nonprofit corporations that have a history of providing technical assistance, grants, or loans to small businesses, but are not a certified nonprofit partner under Minnesota Statutes, section 116M.18, subdivision 2, to make grants under section 1 in the seven-county metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2. The commissioner must issue a request for proposals to select these nonprofit partners.

This appropriation is available until June 30, 2028.

(b) Of the amounts appropriated under paragraph (a), no more than $..... may be used for the cost of administering grants under this section.

(c) Of each of the amounts appropriated under paragraph (a):

(1) at least 30 percent must fund grants under section 1, subdivision 2; and

(2) at least 30 percent must fund grants under section 1 to businesses that employ the equivalent of six full-time workers or less.

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