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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4477

03/18/2026 Authored by Frazier, Xiong, Pinto, Hussein, Lee, F., 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 Minnesota business recovery loan program; appropriating money; requiring a report.

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

Section 1. **MINNESOTA BUSINESS RECOVERY LOAN PROGRAM; APPROPRIATION.**

Subdivision 1. **Appropriation.** (a) $100,000,000 in fiscal year 2026 is appropriated from the Minnesota forward fund account to the commissioner of employment and economic development for deposit in the small business emergency loan account in the special revenue fund under Minnesota Statutes, section 116M.18, subdivision 9, for loans under this section. This is a onetime appropriation. Money is available until June 30, 2028.

(b) Of the amount appropriated in paragraph (a):

(1) $18,000,000 is for a grant to the Minnesota Initiative Foundations to provide zero-interest loans to businesses in greater Minnesota; and

(2) $82,000,000 is for grants to nonprofit corporations that meet the criteria under Minnesota Statutes, section 116M.18, subdivision 2, and are a currently certified nonprofit partners to provide zero-interest loans to businesses in the seven-county metropolitan area. The commissioner of employment and economic development shall select from the approved lenders a list of lenders that have the capacity to operate the Minnesota business recovery loan program.

(c) Of the amount appropriated in paragraph (a), no more than eight percent may be used for administrative costs incurred in making the loans under this paragraph.

(d) Any unexpended amount from the amounts appropriated in this section after June 30, 2028, are canceled.

Subd. 2. **Loan program established.** A Minnesota business recovery loan program is established to assist businesses adversely affected by activities and events related to increased immigration enforcement in Minnesota beginning December 1, 2025, to help rebuild and stabilize affected businesses, protect jobs, and ensure recovery of Minnesota's economy.

Subd. 3. **Eligibility for loan.** To be eligible for a loan under this subdivision, a business must:

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

(2) have a permanent physical location;

(3) be in good standing with the secretary of state and the Department of Revenue as of December 1, 2025;

(4) employ the equivalent number of workers or have annual gross receipts based on the corresponding loan amount levels provided in subdivisions 4 and 5; and

(5) be able to demonstrate a loss in revenue that is greater than 30 percent during the period between the day following final enactment of this act and December 1, 2025, as compared with the same period during the previous year due to:

(i) staffing shortages or loss of employees resulting in temporary business closure, reduced hours, or other loss of productivity;

(ii) reduction in customer access to the business as a result of interruption caused by activities and events related to increased immigration enforcement; or

(iii) other factors affecting business stability as a result of activities and events related to increased immigration enforcement.

Subd. 4. **Loan amounts; Minnesota Initiative Foundations.** The minimum state contribution to a loan under this subdivision is $2,500. The maximum loan amounts under this subdivision are as follows:

(1) for businesses employing the equivalent of ten full-time workers or fewer, or having $150,000 or less in annual gross receipts, a maximum loan of $25,000;

(2) for businesses employing the equivalent of more than 11 but fewer than 21 full-time workers, or having $500,000 or less in annual gross receipts, a maximum loan of $50,000; and

(3) for businesses employing the equivalent of more than 20 but fewer than 101 full-time workers, or having $1,500,000 or less in annual gross receipts, a maximum of $150,000.

Subd. 5. **Loan amounts; seven-county metropolitan area.** The minimum state contribution to a loan under this subdivision is $2,500. The maximum loan amounts under this subdivision are as follows:

(1) for businesses employing the equivalent of 25 full-time workers or fewer, or having $500,000 or less in annual gross receipts, a maximum loan of $50,000;

(2) for businesses employing the equivalent of more than 25 but fewer than 51 full-time workers, or having $1,000,000 or less in annual gross receipts, a maximum loan of $75,000; and

(3) for businesses employing the equivalent of more than 50 but fewer than 201 full-time workers, or having $2,000,000 or less in annual gross receipts, a maximum of $200,000.

Subd. 6. **Loan purposes.** Loans must be used for business purposes exclusively in Minnesota. Loans must not be used for consolidating, repaying, or refinancing debt accrued prior to December 1, 2025, or speculation or investment in real estate.

Subd. 7. **Deferred payments.** Loan repayments must begin no later than three months after a loan is awarded.

Subd. 8. **Loan forgiveness schedule.** The following forgiveness schedule and percentages apply to a loan's principal amount if the borrower has met lender criteria, including being current with all payments:

(1) up to 50 percent forgiveness after a period of at least two years;

(2) up to 75 percent forgiveness after a period of at least three years; and

(3) up to 100 percent forgiveness after a period of at least five years.

Subd. 9. **Reporting requirements.** (a) The Minnesota Initiative Foundations and other lenders participating in the Minnesota business recovery loan program must provide quarterly reports on Minnesota business recovery loans to the commissioner of employment and economic development that include a description of businesses supported by the program, an accounting of the loans made during the quarter, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses.

(b) By June 30, 2028, the commissioner of employment and economic development must compile the information received under paragraph (a) in a report detailing the use of

money under this section and submit the report to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over economic development.

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