

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 906

(SENATE AUTHORS: DRAHEIM)

DATE
02/11/2021

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OFFICIAL STATUS
Introduction and first reading
Referred to Jobs and Economic Growth Finance and Policy

1.1 A bill for an act
1.2 relating to economic development; modifying definitions for the small business
1.3 loan guarantee program; amending Minnesota Statutes 2020, section 116J.881,
1.4 subdivision 1.

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

1.6 Section 1. Minnesota Statutes 2020, section 116J.881, subdivision 1, is amended to read:

1.7 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have
1.8 the meanings given.

1.9 (b) "Borrower" means a small business receiving an eligible loan under this section.

1.10 (c) "Commissioner" means the commissioner of employment and economic development.

1.11 (d) "Eligible loan" means a loan to a small business to be used for business purposes
1.12 exclusively in Minnesota, including: machinery or equipment purchases, maintenance, or
1.13 repair; expenses related to moving into or within Minnesota; and working capital when the
1.14 working capital is secured by fixed assets when possible.

1.15 (e) "Loan guarantee" means a guarantee of ~~80~~ 35 percent of the loan amount provided
1.16 by a QED lender. The guaranteed portion of the loan must not exceed \$200,000 and may
1.17 be subordinate to other loans made by lenders in the overall financing package.

1.18 (f) "Loan guarantee trust fund" means a dedicated fund established under this section
1.19 for the purpose of compensation for defaulted loan guarantees and for program
1.20 administration.

2.1 (g) "Peacetime public health emergency" means any peacetime emergency declared by
2.2 the governor in an executive order that is related to the infectious disease known as
2.3 COVID-19.

2.4 (h) "Qualified economic development lender" or "QED lender" means a bank or other
2.5 commercial lender, a public entity, or a private nonprofit economic development organization
2.6 with not less than three years of active lending experience that provides financing to small
2.7 businesses.

2.8 (i) "Small business" means a business employing no more than the equivalent of ~~250~~
2.9 100 full-time persons in Minnesota.

2.10 (j) "Subordinated loan" means a loan secured by a lien that is lower in priority than one
2.11 or more specified other liens.

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