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State of Minnesota  
**HOUSE OF REPRESENTATIVES**  
*First Division Engrossment*

NINETY-FIRST SESSION

**H. F. No. 1507**

02/21/2019 Authored by Stephenson, Mahoney and Albright  
The bill was read for the first time and referred to the Committee on Labor  
03/11/2019 Adoption of Report: Amended and re-referred to the Committee on Ways and Means  
**Division Action**  

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*Referred by Chair to the Jobs and Economic Development Finance Division*  
04/24/2020 *Division action, to adopt as amended and return to the Committee on Ways and Means*

1.1 A bill for an act  
1.2 relating to economic development; modifying certain financial intermediary  
1.3 regulations; extending repayment terms of certain loans during public health  
1.4 emergency; appropriating money for small business emergency loans; amending  
1.5 Minnesota Statutes 2018, section 48.512, subdivisions 2, 3.

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

1.7 Section 1. Minnesota Statutes 2018, section 48.512, subdivision 2, is amended to read:

1.8 Subd. 2. **Required information.** Before opening or authorizing signatory power over  
1.9 a transaction account, a financial intermediary shall require one applicant to provide the  
1.10 following information on an application document signed by the applicant:

1.11 (a) full name;

1.12 (b) birth date;

1.13 (c) address of residence;

1.14 (d) address of current employment, if employed;

1.15 (e) telephone numbers of residence and place of employment, if any;

1.16 (f) Social Security number;

1.17 (g) driver's license or identification card number issued pursuant to section 171.07. If  
1.18 the applicant does not have a driver's license or identification card, the applicant may provide  
1.19 an identification document number issued for identification purposes by any state, federal,  
1.20 or foreign government if the document includes the applicant's photograph, full name, birth  
1.21 date, and signature. ~~A valid Wisconsin driver's license without a photograph may be accepted~~  
1.22 ~~in satisfaction of the requirement of this paragraph until January 1, 1985;~~

2.1 (h) whether the applicant has had a transaction account at the same or another financial  
2.2 intermediary within 12 months immediately preceding the application, and if so, the name  
2.3 of the financial intermediary;

2.4 (i) whether the applicant has had a transaction account closed by a financial intermediary  
2.5 without the applicant's consent within 12 months immediately preceding the application,  
2.6 and if so, the reason the account was closed; and

2.7 (j) whether the applicant has been convicted of a criminal offense because of the use of  
2.8 a check or other similar item within 24 months immediately preceding the application.

2.9 A financial intermediary may require an applicant to disclose additional information.

2.10 An applicant who makes a false material statement that the applicant does not believe  
2.11 to be true in an application document with respect to information required to be provided  
2.12 by this subdivision is guilty of perjury. The financial intermediary shall notify the applicant  
2.13 of the provisions of this paragraph.

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

2.15 Sec. 2. Minnesota Statutes 2018, section 48.512, subdivision 3, is amended to read:

2.16 Subd. 3. ~~Confirm no involuntary closing~~ **Confirmation.** Before opening or authorizing  
2.17 signatory power over a transaction account, the financial intermediary shall attempt to verify  
2.18 the information disclosed for subdivision 2, clause (i). Inquiries made to verify this  
2.19 information through persons in the business of providing such information must include an  
2.20 inquiry based on the applicant's identification number provided under subdivision 2, clause  
2.21 (g). ~~The financial intermediary may not open or authorize signatory power over a transaction~~  
2.22 ~~account if (i) the applicant had a transaction account closed by a financial intermediary~~  
2.23 ~~without consent because of issuance by the applicant of dishonored checks within 12 months~~  
2.24 ~~immediately preceding the application, or (ii) the applicant has been convicted of a criminal~~  
2.25 ~~offense because of the use of a check or other similar item within 24 months immediately~~  
2.26 ~~preceding the application.~~

2.27 If the transaction account is refused ~~pursuant to this subdivision~~ due to information  
2.28 obtained in subdivision 2, clauses (i) and (j), the reasons for the refusal shall be given to  
2.29 the applicant in writing and the applicant shall be allowed to provide additional information.

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

3.1       Sec. 3. **REPAYMENT OF CONSUMER SMALL LOANS AND CONSUMER**  
3.2 **SHORT-TERM LOANS DURING PUBLIC HEALTH EMERGENCY.**

3.3       Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this  
3.4 subdivision have the meanings given.

3.5       (b) "Borrower" means an individual who obtains a consumer small loan or a consumer  
3.6 short-term loan and who resides in the jurisdiction covered by the public health emergency  
3.7 at the time the loan is originated.

3.8       (c) "Consumer small loan lender" has the meaning given in Minnesota Statutes, section  
3.9 47.60, subdivision 1, paragraph (b).

3.10       (d) "Consumer small loan" has the meaning given in Minnesota Statutes, section 47.60,  
3.11 subdivision 1, paragraph (a).

3.12       (e) "Consumer short-term lender" has the meaning given in Minnesota Statutes, section  
3.13 47.601, subdivision 1, paragraph (e).

3.14       (f) "Consumer short-term loan" has the meaning given in Minnesota Statutes, section  
3.15 47.601, subdivision 1, paragraph (d).

3.16       (g) "Public health emergency" means a peacetime emergency declared under Minnesota  
3.17 Statutes, section 12.31, subdivision 2, by the governor in an executive order that relates to  
3.18 the infectious disease COVID-19.

3.19       Subd. 2. Repayment terms during public health emergency. (a) Notwithstanding any  
3.20 other law to the contrary, a consumer small loan or consumer short-term loan made by a  
3.21 consumer small loan lender or consumer short-term lender to a borrower executed while  
3.22 this section is in effect must extend the repayment period for the loan, including applicable  
3.23 interest, fees, penalties, and charges to allow the borrower to repay the loan in equal  
3.24 installments over a period of 12 months.

3.25       (b) The total dollar amount of interest, fees, penalties, and charges for a loan covered  
3.26 by this section cannot exceed the total dollar amount of interest, fees, penalties, and charges  
3.27 that would be owed if the loan had been made pursuant to Minnesota Statutes, section 47.60  
3.28 or 47.601, and outside of a public health emergency

3.29       (c) A violation of this section is a violation of Minnesota Statutes, section 325F.69, and  
3.30 enforceable by the attorney general under Minnesota Statutes, section 8.31. In addition, the  
3.31 commissioner of commerce has all the authority provided under Minnesota Statutes, section  
3.32 45.027, to ensure compliance with this section.

4.1 (d) A consumer small loan or consumer short-term loan that violates this section is void  
4.2 and unenforceable against the borrower.

4.3 (e) A consumer small loan lender or consumer short-term lender who violates this  
4.4 subdivision is liable to the borrower for all money collected or received in connection with  
4.5 the loan, a civil penalty of \$500, and reasonable attorney fees and court costs.

4.6 **EFFECTIVE DATE.** This section is effective the day following final enactment and  
4.7 applies to loans executed between that date and February 15, 2021.

4.8 Sec. 4. **SMALL BUSINESS EMERGENCY LOAN PROGRAM; TRANSFER.**

4.9 \$5,000,000 in fiscal year 2020 is transferred from the loan guarantee trust fund account  
4.10 in the special revenue fund under Minnesota Statutes, section 116J.881, subdivision 4, to  
4.11 the commissioner of employment and economic development for deposit in the small  
4.12 business emergency loan account in the special revenue fund under Minnesota Statutes,  
4.13 section 116M.18, subdivision 9, to make loans as set forth in governor's Executive Order  
4.14 20-15, Providing Immediate Relief to Small Businesses During the COVID-19 Peacetime  
4.15 Emergency.

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

4.17 Sec. 5. **SMALL BUSINESS EMERGENCY LOAN PROGRAM; APPROPRIATIONS.**

4.18 (a) \$50,000,000 in fiscal year 2020 is appropriated from the federal funds received by  
4.19 the state of Minnesota under the Coronavirus Aid, Relief, and Economic Security Act,  
4.20 Public Law 116-136, Title V, to the commissioner of employment and economic development  
4.21 for loans under paragraph (c). The appropriation in this paragraph is reduced by any amount  
4.22 appropriated in paragraph (b). Funds are available until December 31, 2020.

4.23 (b) If the appropriation in paragraph (a) is unable to be made before May 15, 2020, then  
4.24 \$50,000,000 in fiscal year 2020 is appropriated from the general fund to the commissioner  
4.25 of employment and economic development for loans under paragraph (c). Funds are available  
4.26 until December 31, 2020.

4.27 (c) Money appropriated under paragraph (a) or (b) shall be used to make loans as set  
4.28 forth in governor's Executive Order 20-15, Providing Immediate Relief to Small Businesses  
4.29 During the COVID-19 Peacetime Emergency. Of the \$50,000,000 appropriated:

4.30 (1) \$11,000,000 is for making loans as specified in paragraph (d);

4.31 (2) \$8,000,000 is for making loans as specified in paragraph (e); and

5.1 (3) \$10,000,000 is for making loans as specified in paragraph (f).

5.2 (d) Loans under this paragraph are available only to businesses employing no more than  
5.3 the equivalent of six full-time persons in Minnesota. The terms of these loans must be the  
5.4 same as those under Executive Order 20-15, except that:

5.5 (1) the maximum loan amount is \$15,000;

5.6 (2) payments on loans are deferred for 12 months instead of six; and

5.7 (3) up to 100 percent of the loan may be forgiven if the commissioner approves and the  
5.8 business continues operating in the community at substantially the same levels for two years  
5.9 following loan disbursement.

5.10 (e) Loans under this paragraph are available only to businesses employing the equivalent  
5.11 of at least seven but not more than 20 full-time persons in Minnesota. The terms of these  
5.12 loans must be the same as those under Executive Order 20-15, except that:

5.13 (1) the maximum loan amount is \$20,000;

5.14 (2) payments on loans are deferred for 12 months instead of six; and

5.15 (3) up to an additional 25 percent of the loan may be forgiven if the commissioner  
5.16 approves and the business continues operating in the community at substantially the same  
5.17 levels for a third year following loan disbursement.

5.18 (f) Loans under this paragraph are available only to:

5.19 (1) minority business enterprises, as defined in Minnesota Statutes, section 116M.14,  
5.20 subdivision 5; or

5.21 (2) operators of permanent indoor retail space that has a strong ethnic cultural orientation  
5.22 and is leased primarily to very small businesses.

5.23 The terms of these loans must be the same as those under Executive Order 20-15, except  
5.24 that for loans under clause (2):

5.25 (i) there is no maximum loan amount;

5.26 (ii) payments on loans are deferred for 12 months instead of six;

5.27 (iii) up to an additional 25 percent of the loan may be forgiven if the commissioner  
5.28 approves and the business continues operating in the community at substantially the same  
5.29 levels for a third year following loan disbursement, however, no part of the loan may be  
5.30 forgiven unless the loan recipient has offered forgiveness of at least 50 percent of rent due  
5.31 from existing vendors during the COVID-19 peacetime emergency; and

- 6.1 (iv) loan funds must be used primarily for maintaining existing vendors as tenants, such
- 6.2 as through full or partial forgiveness of rent during the COVID-19 peacetime emergency.
- 6.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.