

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.