

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3846

02/15/2024 Authored by Hassan The bill was read for the first time and referred to the Committee on Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to economic development; modifying the community wealth-building
1.3 grant program pilot project; appropriating money; amending Laws 2023, chapter
1.4 53, article 15, section 33, subdivisions 4, 5.

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

1.6 Section 1. Laws 2023, chapter 53, article 15, section 33, subdivision 4, is amended to
1.7 read:

1.8 Subd. 4. Loans to community businesses. (a) A partner organization that receives a
1.9 grant under subdivision 3 shall establish a plan for making low-interest loans to community
1.10 businesses. The plan requires approval by the commissioner.

1.11 (b) Under the plan:

1.12 (1) the state contribution to each loan shall be no less than \$50,000 and no more than
1.13 \$500,000;

1.14 (2) loans shall be made for projects that are unlikely to be undertaken unless a loan is
1.15 received under the program;

1.16 (3) priority shall be given to loans to businesses in the lowest income areas;

1.17 (4) the fee or interest rate on a loan shall not be higher than the Wall Street Journal prime
1.18 rate;

1.19 (5) 50 percent of all repayments of principal on a loan under the program shall be used
1.20 to fund additional related lending. The partner organization may retain the remainder of
1.21 loan repayments to service loans and provide further technical assistance;

2.1 (6) the partner organization may charge a loan origination fee of no more than one  
 2.2 percent of the loan value and may retain that origination fee; ~~and~~

2.3 (7) a partner organization may not make a loan to a project in which it has an ownership  
 2.4 interest; and

2.5 (8) the partner organization may forgive up to 15 percent of a loan's principal amount  
 2.6 if the borrower has met all lending criteria, including creating or retaining jobs and being  
 2.7 current with all loan payments, for at least two years.

2.8 Sec. 2. Laws 2023, chapter 53, article 15, section 33, subdivision 5, is amended to read:

2.9 Subd. 5. **Reports.** (a) The partner organization shall submit a report to the commissioner  
 2.10 by ~~January~~ December 31 of 2024, 2025, and 2026. The report shall include:

2.11 (1) an account of all loans made through the program the preceding calendar year and  
 2.12 the impact of those loans on community businesses and job creation for targeted groups;

2.13 (2) information on the source and amount of money collected and distributed under the  
 2.14 program, its assets and liabilities, and an explanation of administrative expenses; and

2.15 (3) an independent audit of grant funds performed in accordance with generally accepted  
 2.16 accounting practices and auditing standards.

2.17 (b) By February 15 of ~~2024~~, 2025, ~~and~~ 2026, and 2027, the commissioner shall submit  
 2.18 a report to the chairs and ranking minority members of the legislative committees with  
 2.19 jurisdiction over workforce and economic development on program outcomes, including  
 2.20 copies of all reports received under paragraph (a).

2.21 Sec. 3. **APPROPRIATION.**

2.22 \$350,000 in fiscal year 2025 is appropriated from the general fund to the commissioner  
 2.23 of employment and economic development for a grant to the Metropolitan Consortium of  
 2.24 Community Developers for the following activities related to the community wealth-building  
 2.25 grant program pilot project: outreach, engagement, training, education, loan servicing,  
 2.26 reporting, program evaluation, and supplemental technical assistance. This is a onetime  
 2.27 appropriation and is available until June 30, 2026.