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REVISOR

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## State of Minnesota

## HOUSE OF REPRESENTATIVES NINETY-SECOND SESSION H. F. No. 4522

03/23/2022 Authored by Sandstede, Lislegard, Ecklund, Greenman and Kotyza-Witthuhn The bill was read for the first time and referred to the Committee on Workforce and Business Development Finance and Policy

| 1.1        | A bill for an act   |
|------------|---|
| 1.2<br>1.3 | relating to economic development; creating the pandemic relief grant program; requiring reports; appropriating money. |
| 1.4        | BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:   |
| 1.5        | Section 1. PANDEMIC RELIEF GRANT PROGRAM.   |
| 1.6        | Subdivision 1. Definitions. (a) For the purposes of this section, the following terms have                            |
| 1.7        | the meanings given.   |
| 1.8        | (b) "Business" means both for-profit businesses and nonprofit organizations that earn                                 |
| 1.9        | revenue in ways similar to businesses, including but not limited to ticket sales and                                  |
| 1.10       | membership fees.  |
| 1.11       | (c) "Commissioner" means the commissioner of employment and economic development.                                     |
| 1.12       | (d) "Partner organization" or "Partner" means the Minnesota Initiative Foundations and                                |
| 1.13       | nonprofit corporations on the certified lenders list that the commissioner determines to be                           |
| 1.14       | qualified to provide grants to businesses under this section.   |
| 1.15       | (e) "Program" means the pandemic relief grant program under this section.   |
| 1.16       | Subd. 2. Establishment. The commissioner shall establish the pandemic relief grant                                    |
| 1.17       | program to make grants to partner organizations to provide grants to businesses that have                             |
| 1.18       | been directly or indirectly impacted by the COVID-19 pandemic.  |
| 1.19       | Subd. 3. Grants to partner organizations. (a) The commissioner shall make grants to                                   |
| 1.20       | partner organizations to provide grants to businesses under subdivision 4 using criteria,                             |
| 1.21       | forms, applications, and reporting requirements developed by the commissioner.  |

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| 2.1  | (b) Of funds granted to partner organizations, to the degree practical, an equal amount          |
|------|--|
| 2.2  | shall go to partner organizations serving the seven-county metropolitan area as defined          |
| 2.3  | under Minnesota Statutes, section 473.121, subdivision 2, as shall go to organizations serving   |
| 2.4  | greater Minnesota.   |
| 2.5  | (c) Up to four percent of a grant under this subdivision may be used by the partner              |
| 2.6  | organization for administration and monitoring of the program.                                   |
| 2.7  | (d) Any funds not spent by partner organizations by December 31, 2022, must be returned          |
| 2.8  | to the commissioner and canceled back to the general fund.                                       |
| 2.9  | Subd. 4. Grants to businesses. (a) Partners shall make grants to businesses using criteria,      |
| 2.10 | forms, applications, and reporting requirements developed by the commissioner.                   |
| 2.11 | (b) To be eligible for a grant under this subdivision, a business must:                          |
| 2.12 | (1) have primary business operations located in Minnesota;                                       |
| 2.13 | (2) be at least 50 percent owned by a resident of Minnesota;                                     |
| 2.14 | (3) employ the equivalent of 50 full-time workers or less;                                       |
| 2.15 | (4) be able to demonstrate financial hardship during 2022 as a result of the COVID-19            |
| 2.16 | outbreak;  |
| 2.17 | (5) include as part of the application a business plan for continued operation; and              |
| 2.18 | (6) primarily do business in one or more of the industries listed under subdivision 5.           |
| 2.19 | (c) Grants under this subdivision shall be awarded by randomized selection process after         |
| 2.20 | applications are collected over a period of no more than ten calendar days.                      |
| 2.21 | (d) Grants under this subdivision shall be for up to \$25,000 per business.                      |
| 2.22 | (e) No business may receive more than one grant under this section.                              |
| 2.23 | (f) Grant funds must be used for working capital to support payroll expenses, rent or            |
| 2.24 | mortgage payments, utility bills, and other similar expenses that occur or have occurred         |
| 2.25 | since January 1, 2022, in the regular course of business, but not to refinance debt that existed |
| 2.26 | at the time of the governor's COVID-19 peacetime emergency declaration.                          |
| 2.27 | Subd. 5. Eligible industries. To be eligible for a grant under subdivision 4, a business         |
| 2.28 | must primarily do business in one or more of the following industries:                           |
| 2.29 | (1) serving food or beverages, such as restaurants, cafes, bars, breweries, wineries, and        |
| 2.30 | distilleries;  |

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| 3.1  | (2) personal services, such as hai      | ir care, nail care, skin | i care, or massage;     |                  |
| 3.2  | (3) indoor entertainment, such as       | a business providing     | g arcade games, esc     | ape rooms, or    |
| 3.3  | indoor trampoline parks;                |                          |                         |                  |
| 3.4  | (4) indoor fitness and recreationa      | al sports centers, such  | 1 as gyms, fitness st   | udios, indoor    |
| 3.5  | ice rinks, and indoor swimming poo      | <u>ls; or</u>            |                         |                  |
| 3.6  | (5) wellness and recreation, such       | as the teaching of yo    | oga, dance, or marti    | al arts.         |
| 3.7  | Subd. 6. Distribution of awards         | s. Of grant funds awa    | rded under subdivis     | sion 4, a        |
| 3.8  | <u>minimum of:</u>                      |                          |                         |                  |
| 3.9  | (1) \$15,000,000 must be awarded        | to businesses that em    | ploy the equivalent c   | of six full-time |
| 3.10 | workers or less;                        |                          |                         |                  |
| 3.11 | (2) \$10,000,000 must be awarded        | d to minority busines    | s enterprises, as def   | fined in         |
| 3.12 | Minnesota Statutes, section 116M.14     | 4, subdivision 5;        |                         |                  |
| 3.13 | (3) \$2,500,000 must be awarded         | to businesses that are   | e majority owned an     | d operated by    |
| 3.14 | veterans as defined in Minnesota Sta    | atutes, section 197.44   | 7; and                  |                  |
| 3.15 | (4) \$2,500,000 must be awarded         | to businesses that are   | e majority owned an     | d operated by    |
| 3.16 | women.                                  |                          |                         |                  |
| 3.17 | Subd. 7. Exemptions. All grants         | and grant-making pr      | rocesses under this s   | section are      |
| 3.18 | exempt from Minnesota Statutes, see     | ctions 16A.15, subdi-    | vision 3; 16B.97; ar    | nd 16B.98,       |
| 3.19 | subdivisions 5, 7, and 8. The commi     | ssioner must audit th    | e use of grant funds    | s under this     |
| 3.20 | section in accordance with standard     | accounting practices     | . The exemptions u      | nder this        |
| 3.21 | subdivision expire on December 31,      | 2022.                    |                         |                  |
| 3.22 | Subd. 8. <b>Reports.</b> (a) By January | y 31, 2023, partner or   | rganizations particip   | pating in the    |
| 3.23 | program must provide a report to the    | e commissioner that i    | includes description    | s of the         |
| 3.24 | businesses supported by the program     | n, the amounts grante    | ed, and an explanation  | on of            |
| 3.25 | administrative expenses.                |                          |                         |                  |
| 3.26 | (b) By February 15, 2023, the co        | mmissioner must rep      | port to the legislative | e committees     |
| 3.27 | in the house of representatives and s   | enate with jurisdictic   | on over economic de     | evelopment       |
| 3.28 | about grants made under this sectior    | based on the inform      | nation received unde    | er paragraph     |
| 3.29 | <u>(a).</u>                             |                          |                         |                  |

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## 4.1 Sec. 2. <u>PANDEMIC RELIEF GRANT PROGRAM; APPROPRIATION.</u>

- 4.2 <u>\$100,000,000 in fiscal year 2023 is appropriated from the general fund to the</u>
- 4.3 commissioner of employment and economic development for the pandemic relief grant
- 4.4 program. This is a onetime appropriation.