

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 4240

(SENATE AUTHORS: TOMASSONI and Bakk)

DATE
03/23/2022

D-PG
5571

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; creating the pandemic relief grant program;
- 1.3 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.

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;

3.1 (2) personal services, such as hair care, nail care, skin care, or massage;

3.2 (3) indoor entertainment, such as a business providing arcade games, escape rooms, or
3.3 indoor trampoline parks;

3.4 (4) indoor fitness and recreational sports centers, such as gyms, fitness studios, indoor
3.5 ice rinks, and indoor swimming pools; or

3.6 (5) wellness and recreation, such as the teaching of yoga, dance, or martial arts.

3.7 Subd. 6. **Distribution of awards.** Of grant funds awarded under subdivision 4, a
3.8 minimum of:

3.9 (1) \$15,000,000 must be awarded to businesses that employ the equivalent of six full-time
3.10 workers or less;

3.11 (2) \$10,000,000 must be awarded to minority business enterprises, as defined in
3.12 Minnesota Statutes, section 116M.14, subdivision 5;

3.13 (3) \$2,500,000 must be awarded to businesses that are majority owned and operated by
3.14 veterans as defined in Minnesota Statutes, section 197.447; and

3.15 (4) \$2,500,000 must be awarded to businesses that are majority owned and operated by
3.16 women.

3.17 Subd. 7. **Exemptions.** All grants and grant-making processes under this section are
3.18 exempt from Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98,
3.19 subdivisions 5, 7, and 8. The commissioner must audit the use of grant funds under this
3.20 section in accordance with standard accounting practices. The exemptions under this
3.21 subdivision expire on December 31, 2022.

3.22 Subd. 8. **Reports.** (a) By January 31, 2023, partner organizations participating in the
3.23 program must provide a report to the commissioner that includes descriptions of the
3.24 businesses supported by the program, the amounts granted, and an explanation of
3.25 administrative expenses.

3.26 (b) By February 15, 2023, the commissioner must report to the legislative committees
3.27 in the house of representatives and senate with jurisdiction over economic development
3.28 about grants made under this section based on the information received under paragraph
3.29 (a).

4.1 Sec. 2. **PANDEMIC RELIEF GRANT PROGRAM; APPROPRIATION.**

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