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CHAPTER 1--H.F.No. 5

An act relating to economic development; appropriating money for emergency small business grants and loans; reimbursing the Minnesota 21st century minerals fund; adjusting the budget reserve forecast calculation; changing the fund receiving small business loan repayments; making technical changes; amending Minnesota Statutes 2018, section 16A.152, subdivision 2; Laws 2020, chapter 71, article 1, section 11.

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

Section 1. Minnesota Statutes 2018, section 16A.152, subdivision 2, is amended to read:

Subd. 2. **Additional revenues; priority.** (a) If on the basis of a forecast of general fund revenues and expenditures, the commissioner of management and budget determines that there will be a positive unrestricted budgetary general fund balance at the close of the biennium, the commissioner of management and budget must allocate money to the following accounts and purposes in priority order:

(1) the cash flow account established in subdivision 1 until that account reaches $350,000,000;

(2) the budget reserve account established in subdivision 1a until that account reaches $1,596,522,000;

(3) the amount necessary to increase the aid payment schedule for school district aids and credits payments in section 127A.45 to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve;

(4) the amount necessary to restore all or a portion of the net aid reductions under section 127A.441 and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, by the same amount; ~~and~~

(5) the clean water fund established in section 114D.50 until $22,000,000 has been transferred into the fund~~.~~ ; and

(6) the amount necessary to increase the Minnesota 21st century fund by not more than the difference between $5,000,000 and the sum of the amounts credited and canceled to it in the previous 12 months under Laws 2020, chapter 71, article 1, section 11, until the sum of all transfers under this section and all amounts credited or canceled under Laws 2020, chapter 71, article 1, section 11, equals $20,000,000.

(b) The amounts necessary to meet the requirements of this section are appropriated from the general fund within two weeks after the forecast is released or, in the case of transfers under paragraph (a), clauses (3) and (4), as necessary to meet the appropriations schedules otherwise established in statute.

(c) The commissioner of management and budget shall certify the total dollar amount of the reductions under paragraph (a), clauses (3) and (4), to the commissioner of education. The commissioner of education shall increase the aid payment percentage and reduce the property tax shift percentage by these amounts and apply those reductions to the current fiscal year and thereafter.

(d) Paragraph (a), clause (5), expires after the entire amount of the transfer has been made.

Sec. 2. Laws 2020, chapter 71, article 1, section 11, is amended to read:

Sec. 11. **TRANSFERS; SMALL BUSINESS EMERGENCY LOAN PROGRAM.** (a) Notwithstanding Minnesota Statutes, sections 116J.423 and 116J.8731, in fiscal year 2020, the following amounts are transferred to the small business emergency loan account in the special revenue fund under Minnesota Statutes, section 116M.18, subdivision 9:

(1) $20,000,000 from the special revenue fund account of the Minnesota 21st century fund under Minnesota Statutes, section 116J.423, subdivision 1; and

(2) $10,000,000 from the Minnesota investment revolving loan account under Minnesota Statutes, section 116J.8731, subdivision 5, in the special revenue fund.

Transferred amounts are appropriated to the commissioner of employment and economic development to make loans as set forth in Governor's Executive Order 20-15, Providing Immediate Relief to Small Businesses During the COVID-19 Peacetime Emergency. All loan repayments are credited proportionately to the accounts from which the loan amounts were originally transferred. Any amounts remaining in the small business emergency loan account that are unexpended and unobligated at the close of the fiscal year cancel proportionately to the accounts from which the amounts were originally transferred.

(b) Beginning the day following the day in which the total amount transferred under Minnesota Statutes, section 16A.152, and from repayments of loans and cancellations of funds under this section to the Minnesota 21st century fund equals $20,000,000, all further repayments of loans to the Minnesota 21st century fund under this section are transferred to the general fund.

Sec. 3. **SMALL BUSINESS LOAN GUARANTEE TRUST FUND ACCOUNT; APPROPRIATION.**

Notwithstanding Minnesota Statutes, section 116J.881, subdivision 4, $2,500,000 in fiscal year 2020 is appropriated from the loan guarantee trust fund account in the special revenue fund under Minnesota Statutes, section 116J.881, subdivision 4, to the commissioner of employment and economic development for the purposes of section 4. This amount is available until June 30, 2021.

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

Sec. 4. **SMALL BUSINESS RELIEF GRANTS; APPROPRIATION.**

(a) $60,000,000 in fiscal year 2020 is appropriated from the coronavirus relief fund to the commissioner of employment and economic development for grants under paragraph (b). Funds are available until December 30, 2020.

(b) Of the amounts appropriated in paragraph (a) and in section 3:

(1) $31,250,000 is for a grant to the Minnesota Initiative Foundations to serve businesses in greater Minnesota; and

(2) $31,250,000 is for grants to nonprofit corporations that meet the criteria under the small business emergency loan program pursuant to Laws 2020, chapter 71, section 11, to serve businesses in the seven-county metropolitan area. The Department of Employment and Economic Development shall select from the approved lenders a list of those lenders that have the capacity to operate the small business relief grants program.

(c) No more than $2,200,000 of the amounts available under paragraph (b) may be used for administrative costs incurred from making grants under this section.

(d) Grant recipients under paragraph (b) shall use funds to make grants of up to $10,000 to individual businesses, including any subgrantees, that:

(1) are located in the state of Minnesota and owned by a permanent resident of the state of Minnesota;

(2) have a permanent physical location;

(3) were in good standing with the secretary of state and the Department of Revenue as of March 1, 2020;

(4) employ the equivalent of 50 full-time workers or less; and

(5) can demonstrate financial hardship as a result of the COVID-19 outbreak.

Priority shall be given to businesses that were restricted from operating by an executive order on May 18, 2020, such that the business could not operate at least at 51 percent of normal capacity. Grant funds received by individual businesses shall be used for working capital to support payroll expenses, rent, mortgage payments, utility bills, and other similar expenses that occur or have occurred since March 1, 2020, in the regular course of business.

(e) Of the amount granted under paragraph (b):

(1) a minimum of $18,000,000 must be awarded to businesses that employ the equivalent of six full-time workers or less;

(2) a minimum of $15,000,000 must be awarded as follows: (i) at least $10,000,000 to minority business enterprises, as defined in Minnesota Statutes, section 116M.14, subdivision 5; (ii) at least $2,500,000 to businesses that are majority owned and operated by veterans as defined in Minnesota Statutes, section 197.447; and (iii) at least $2,500,000 to businesses that are majority owned and operated by women; and

(3) a minimum of $2,500,000 is for grants to operators of a privately owned permanent indoor retail space and food market that has an ethnic cultural emphasis having at least 25 tenants primarily comprised of businesses with fewer than 20 employees. Grants under this clause: (i) may be made for up to $250,000 per operator and of that amount all but $10,000 of any grant must be made as subgrants to existing tenants of the operator; (ii) must be used primarily for maintaining existing tenants; and (iii) require that at least 50 percent of the grant be used to forgive the rent of existing tenants. A tenant subgrantee is subject to the requirements in paragraph (d).

(f) Grants under this section may not be made to a business that previously received a loan with funds appropriated in Laws 2020, chapter 71, article 1, section 11. Eligible businesses may not receive more than one grant under this section.

(g) The commissioner may develop criteria, forms, applications, and reporting requirements for use by the grantees in paragraph (b).

(h) Grants under paragraph (d) must be awarded by lottery after applications are collected over a period of no more than ten calendar days. Grants must be awarded by December 30, 2020.

(i) Grants and the process of making grants under this section are exempt from the following statutes and related policies: Minnesota Statutes, sections 16A.15, subdivision 3; 16B.97; and 16B.98, subdivisions 5, 7, and 8. The commissioner of employment and economic development shall audit the use of grant funds under this section in accordance with standard accounting practices. The exemptions under this paragraph expire on December 30, 2020.

(j) By December 31, 2020, the commissioner shall report to the legislative committees with jurisdiction over economic development policy and finance on the grants provided to grantees and any subgrantees under this section.

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

Presented to the governor June 15, 2020

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