EMPLOYMENT AND ECONOMIC DEVELOPMENT

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DEED Creating Emergency Loan Program for Minnesota Small Businesses

Thousands of businesses negatively impacted by COVID-19 could be helped

March 23, 2020 | Economic Development

St. Paul – The Minnesota Department of Employment and Economic Development (DEED) is creating an emergency loan program to help Minnesota small business owners who need immediate assistance to meet their families' basic needs during COVID-19 closures.

The loan program was created under the Small Business Assistance Executive Order 20-15 announced by Governor Tim Walz on March 23. The loan program is intended to help businesses temporarily closed under Executive Order 20-04, later clarified by Executive Order 20-08, which stopped onsite customer dining at restaurants and bars and closed an extensive list of other small businesses whose owners may not have adequate cash flow to withstand temporary closure.

"Over the last week, we've heard from many of Minnesota's small businesses who are facing significant hardships because of the COVID-19 crisis," said Governor Tim Walz. "Small businesses are the backbone of our communities, and now more than ever, we're looking to creative solutions like DEED's emergency loan program to help them weather these extraordinarily difficult times."

"We know that this emergency loan program is just one tool businesses will need to leverage to stay afloat," said DEED Commissioner Steve Grove. " It's an important one because it will get cash flowing quickly to the small Minnesota businesses that need it most."

Executive Order 20-15 directs DEED to create a Small Business Emergency Loan Program by making available $30 million from special revenue funds. These dollars will be used by DEED's lender network to make loans of between $2,500 and $35,000 for qualifying small businesses. The loans will be 50% forgivable, and offered at a 0% interest rate. If other financing becomes available to small businesses that received an emergency loan, such as federal funding, the emergency loan must be repaid. These emergency loans will be made by an existing network of lenders DEED works with across the state. Depending on the size of the loans offered to businesses, DEED estimates this emergency loan program will provide needed resources to between 1,200 and 5,000 businesses. DEED expects loan applications will available later this week through our lender network. Minnesota small businesses should send questions about this emergency loan program to ELP@state.mn.us (mailto:ELP@state.mn.us).

The executive order also allows local units of government or lending partners which have a revolving loan fund to use those funds to issue loans to retail and service providers for the next 90 days. DEED estimates that up to $28 million in capital could be accessible through local revolving loan funds and local governments through this action. Local partners will be looking at ways to deploy these resources to support their local businesses.

For the latest information from DEED for employers and businesses and workers, visit the DEED COVID-19 Information (https://mn.gov/deed/newscenter/covid/) page on the DEED website.

DEED is the state's principal economic development agency, promoting business recruitment, expansion and retention, workforce development, international trade and community development. For more details about the agency and its services, visit the DEED website (http://www.mn.gov/deed/) or follow DEED on Twitter. (http://www.twitter.com/MNDEED)

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